

UTAH OIL AND GAS CONSERVATION COMMISSION

REMARKS: WELL LOG ELECTRIC LOGS ☒ WATER SANDS LOCATION INSPECTED SUB. REPORT/abd.

DATE FILED NOVEMBER 27, 1998

LAND: FEE & PATENTED

STATE LEASE NO.

PUBLIC LEASE NO.

UTU-73922

INDIAN

DRILLING APPROVED: DECEMBER 15, 1998

SPUDDED IN:

COMPLETED:

PUT TO PRODUCING:

INITIAL PRODUCTION:

GRAVITY A.P.I.

GOR:

PRODUCING ZONES:

TOTAL DEPTH:

WELL ELEVATION:

DATE ABANDONED:

FIELD:

UNDESIGNATED

UNIT:

THIMBLE ROCK

COUNTY:

UINTAH

WELL NO.

FEDERAL N 42-22

API NO. 43-047-33264

LOCATION

2024 FNL

FT. FROM (N) (S) LINE,

1008 FEL

FT. FROM (E) (W) LINE.

SE NE

1/4 - 1/4 SEC.

22

TWP.

RGE.

SEC.

OPERATOR

TWP.

RGE.

SEC.

OPERATOR

11S

24E

22

ROSEWOOD RESOURCES

October 1, 1998

Bureau of Land Management
170 South 500 East
Vernal, UT 84078

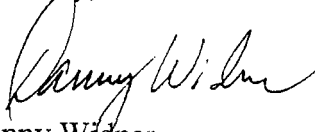
Attention: Minerals

This letter is to inform you that Permitco Inc. is authorized to act as Agent and to sign documents on behalf of Rosewood Resources, Inc. when necessary for filing county, state and federal permits including Onshore Order No. 1, Right of Way applications, etc., for the Federal N #42-22 well, located SE NE Sec. 22, T11S - R24E.

I should be understood that Permitco is acting as Agent only in those matters stated above and is not responsible for drilling, completion, production or compliance with regulations.

Rosewood Resources, Inc. agrees to accept full responsibility for operations conducted in order to drill, complete and produce the above mentioned well. If you have any questions, please feel free to contact me at (435) 789-0414.

Sincerely,



Danny Widner
Drilling Manager

DW/ln

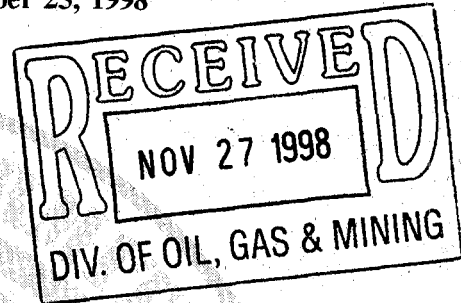


14421 Weld County Rd.10 • Ft. Lupton, Colorado 80621 • (303) 857-9999 • FAX (303) 857-0577 • E-MAIL Permitco 1@aol.com

November 25, 1998

Utah Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, UT 84114-5801

Attn: John Baza



Re: Rosewood Resources, Inc.
Federal N #42-22
2024' FNL and 1008' FEL
SE NE Sec. 22, T11S - R24E
Uintah County, Utah

Dear John,

Enclosed please find three copies of the Application for Permit to Drill on the above mentioned well along with one copy of the drilling program and surface use plan which has been filed with the BLM in Vernal, Utah.

Please forward the approved copies Lucy Nemec of Rosewood Resources, Inc., P.O. Box 1668, Vernal, UT 84078. Thanks for your assistance in this matter. If you have any questions, please don't hesitate to contact me.

Sincerely,

PERMITCO INC.

Lisa L. Smith
Consultant for:
Rosewood Resources, Inc.

Enc.

cc: Rosewood Resources, Inc. - Vernal, UT
Rosewood Resources, Inc. - Dallas, TX

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. UTU-75098	
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME N/A	
2. NAME OF OPERATOR Rosewood Resources, Inc.		7. UNIT AGREEMENT NAME N/A	
Phone: 435/789-0414 265 East 100 South		8. FARM OR LEASE NAME, WELL NO. Federal N	
Fax: 435/789-0497 Vernal, UT 84078		9. API WELL NO. #42-22	
3. ADDRESS AND TELEPHONE NO. PERMITCO INC.		10. FIELD AND POOL, OR WILDCAT Wildcat	
Phone: 303/857-9999 14421 Weld County Road 10		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 22, T11S - R24E	
Fax: 303/857-0577 Ft. Lupton, CO 80621		12. COUNTY OR PARISH Uintah	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)* At Surface 2024' FNL and 1008' FEL At proposed prod. zone SE NE Sec. 22, T11S - R24E		13. STATE Utah	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* Approximately 24.5 miles south of Bonanza, Utah		15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 593'	
16. NO. OF ACRES IN LEASE 1240 Acres		17. NO. OF ACRES ASSIGNED TO THIS WELL 40 Acres	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING COMPLETED OR APPLIED FOR, ON THIS LEASE, FT. None		19. PROPOSED DEPTH 7,100'	
20. ROTARY OR CABLE TOOLS Rotary		21. ELEVATIONS (Show whether DF, RT, GR, etc.) 5,984' ungraded	
22. APPROX. DATE WORK WILL START* Upon Approval		23. PROPOSED CASING AND CEMENTING PROGRAM	
SIZE OF HOLE		GRADE, SIZE OF CASING	
17-1/4"		13-3/8"	
12-1/4"		9-5/8"	
7-7/8"		4-1/2"	
WEIGHT PER FOOT		SETTING DEPTH	
61#		300'	
36#		2,500'	
11.6#		7,100'	
QUANTITY OF CEMENT			
360 sx to circulate surface			
690 sx top of cmt @ surface			
900 sx - top of cmt @ 2400'			

Rosewood Resources, Inc. proposes to drill a well to 7,100' to test the Wasatch and Mesa Verda Formations. If productive, casing will be run and the well completed. If dry, the well will be plugged and abandoned as per BLM and State of Utah requirements.

See Onshore Order No. 1 attached.

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Please be advised that Rosewood Resources, Inc. is considered to be the Operator of the above mentioned well. Rosewood Resources, Inc. agrees to be responsible under the terms and conditions of the lease for the operations conducted upon the lease lands.

Bond coverage for this well is provided by Nationwide Bond No. MT-0627. The principal is Rosewood Resources, Inc. via surety consent as provided for in 43 CFR 3104.2.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED *Don G. Smith* TITLE Consultant For:
Rosewood Resources, Inc. Date 11/25/98

(This space for Federal or State office use)

PERMIT NO. 43-047-33264

APPROVAL DATE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

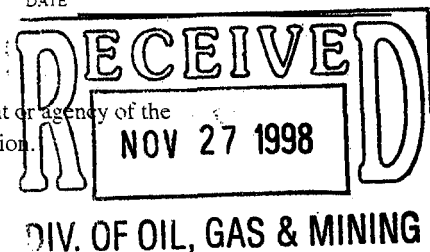
APPROVED BY

TITLE

DATE

*See Instructions On Reverse Side

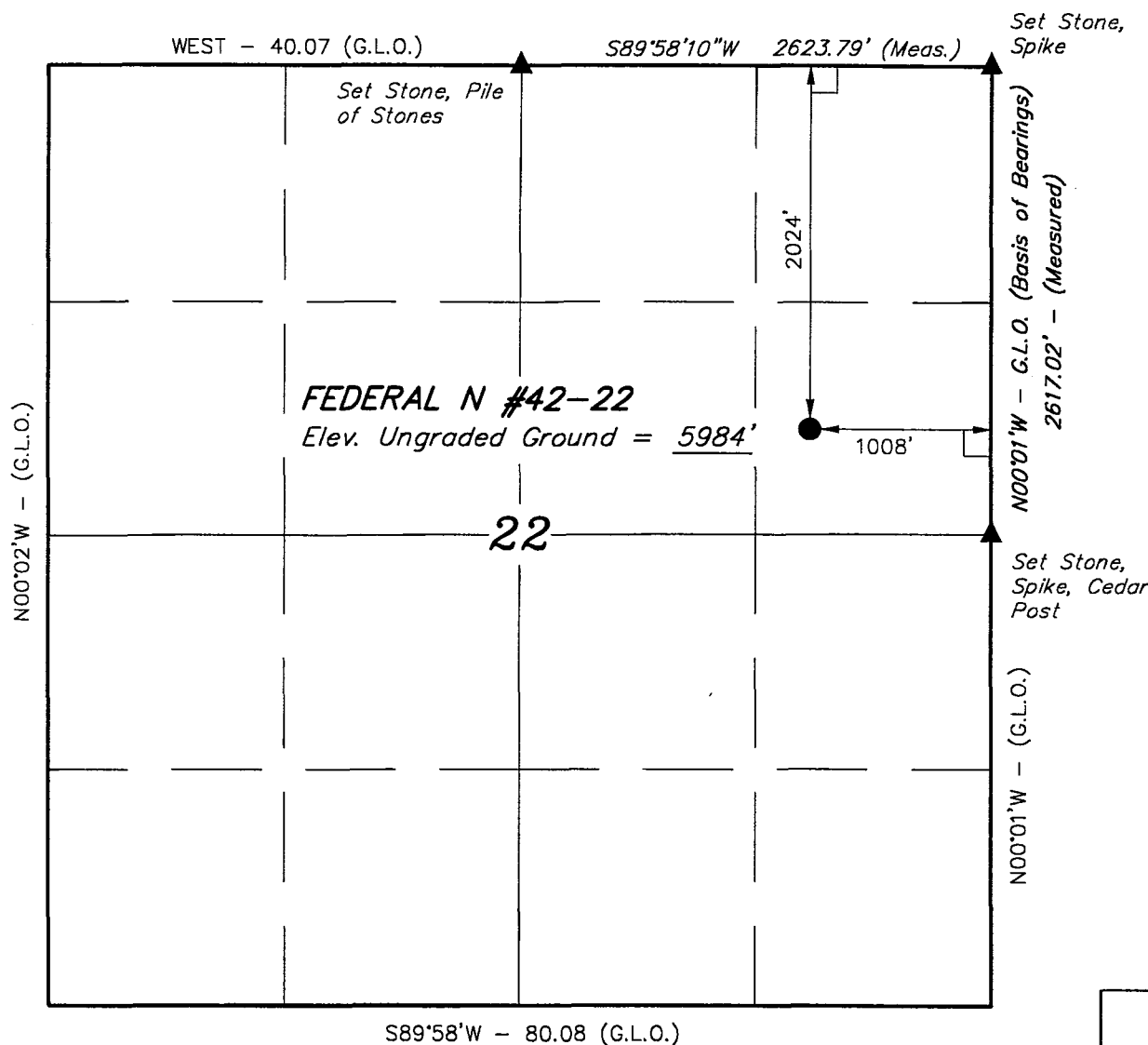
Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.



T11S, R24E, S.L.B.&M.

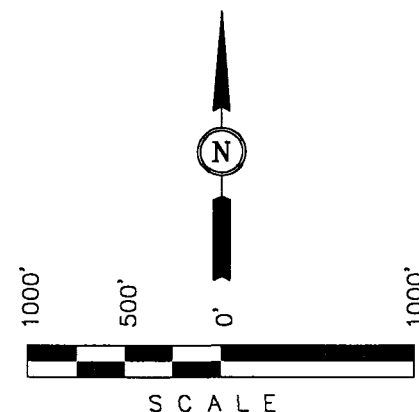
ROSEWOOD RESOURCES, INC.

Well location, FEDERAL N #42-22, located as shown in the SE 1/4 NE 1/4 of Section 22, T11S, R24E, S.L.B.&M. Uintah County, Utah.



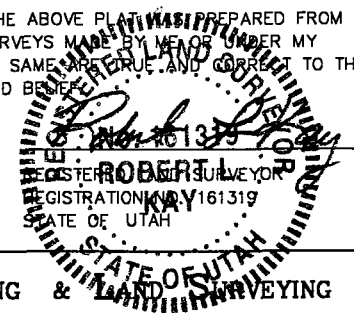
BASIS OF ELEVATION

BENCH MARK 95 EAM LOCATED IN THE SE 1/4 OF SECTION 23, T11S, R24E, S.L.B.&M. TAKEN FROM THE RAINBOW QUADRANGLE, UTAH, UTAH COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 6156 FEET.



CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



LEGEND:

- └─┘ = 90° SYMBOL
- = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.

LATITUDE = 39°50'57"
LONGITUDE = 109°12'38"

UINTAH ENGINEERING & LAND SURVEYING
85 SOUTH 200 EAST - VERNAL, UTAH 84078
(435) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 10-14-98	DATE DRAWN: 10-23-98
PARTY K.K. T.A. D.R.B.	REFERENCES G.L.O. PLAT	
WEATHER WARM	FILE ROSEWOOD RESOURCES, INC.	

CONFIDENTIAL - TIGHT HOLE

ONSHORE OIL & GAS ORDER NO. 1

**Approval of Operations on Onshore
Federal and Indian Oil & Gas Leases**

**FEDERAL N #42-22
2024' FNL and 1008' FEL
SE NE Sec. 22, T11S - R24E
Uintah County, Utah**

Prepared For:

ROSEWOOD RESOURCES, INC.

By:

**PERMITCO INC.
14421 Weld County Road 10
Ft. Lupton, Colorado 80621
303/857-9999**

Copies Sent To:

- 3 - Bureau of Land Management - Vernal, UT**
- 1 - Utah Division of Oil, Gas & Mining - Salt Lake City, UT**
- 3 - Rosewood Resources, Inc. - Vernal, UT**
- 3 - Rosewood Resources, Inc. - Dallas, TX**

CONFIDENTIAL - TIGHT HOLE



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Rosewood Resources, Inc.
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Uintah County, Utah

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Lease No. UTU-75098

DRILLING PROGRAM

Page 1

ONSHORE OIL & GAS ORDER NO. 1
Approval of Operations on Onshore
Federal and Indian Oil and Gas Leases

All lease and/or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3100), Onshore Oil and Gas Order No. 1, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.

1. Formation Tops

<u>Formation</u>	<u>Depth</u>	<u>Subsea</u>
Green River	Surface	+5,984'
Wasatch	2,580'	+3,404'
Mesa Verde	4,480'	+1,504'
Mancos	6,300'	- 316'
T.D.	7,100'	-1,116'

2. Anticipated Depths of Oil, Gas, Water or Mineral Formations

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
Oil/Gas	Wasatch	2,580'-4,480'
Oil/Gas	Mesa Verde	4,480'-6,300'
Oil/Gas	Mancos	6,300'-7,100'

All fresh water prospectively valuable minerals encountered during drilling, will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.



3. Blow Out Preventor Requirements/Equipment

Rosewood's minimum specifications for pressure control equipment are as follows:

Ram Type: 10" Hydraulic double with annular, 3000 psi w.p.

Ram type preventers and associated equipment shall be tested to approved stack working pressure if isolated by test plug or to 70 percent of internal yield pressure of casing. Pressure shall be maintained for at least 10 minutes or until requirements of test are met, whichever is longer. If a test plug is utilized, no bleed-off pressure is acceptable. For a test not utilizing a test plug, if a decline in pressure of more than 10 percent in 30 minutes occurs, the test shall be considered to have failed. Valve on casing head below test plug shall be open during test of BOP stack.

Annular type preventers (if used) shall be tested to 50 percent of rated working pressure. Pressure shall be maintained at least 10 minutes or until provisions of test are met, whichever is longer.

As a minimum, the above test shall be performed:

- a. when initially installed;
- b. whenever any seal subject to test pressure is broken
- c. following related repairs; and
- d. at 30-day intervals

Valves shall be tested from working pressure side during BOPE tests with all down stream valves open.

When testing the kill line valve(s) the check valve shall be held open or the ball removed.

Annular preventers shall be functionally operated at least weekly.

Pipe and blind rams shall be activated each trip, however, this function need not be performed more than once a day.



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DRILLING PROGRAM

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A BOPE pit level drill shall be conducted weekly for each drilling crew.

Pressure tests shall apply to all related well control equipment.

All of the above described tests and/or drills shall be recorded in the drilling log.

BOP systems shall be consistent with API RP53. Pressure tests will be conducted before drilling out from under casing strings which have been set and cemented in place. Blowout preventer controls will be installed prior to drilling the surface casing plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order, and this inspection will be recorded on the daily drilling report. Preventers will be pressure tested before drilling casing cement plugs.

The District Office should be notified, with sufficient lead time, in order to have the BLM representative on location during pressure testing.

- a. The size and rating of the BOP stack is shown on the attached diagram. Although a rig has not been chosen to drill this well, most of the equipment for this depth of hole in the area use a 10", 3000 psi working pressure blowout preventor.
- b. A choke line and a kill line are to be properly installed. The kill line is not to be used as a fill-up line.
- c. The accumulator system shall have a pressure capacity to provide for repeated operation of hydraulic preventers.
- d. Drill string safety valve(s), to fit all tools in the drill string, are to be maintained on the rig floor while drilling operations are in progress.



4. Proposed Casing and Cementing Program

- a. The proposed casing and cementing program shall be conducted as approved to protect and/or isolate all usable water zones, potentially productive zones, lost circulation zones, abnormally pressured zones, and any prospectively valuable deposits of minerals. Any isolating medium other than cement shall receive approval prior to use. The casing setting depth shall be calculated to position the casing seat opposite a competent formation which will contain the maximum pressure to which it will be exposed during normal drilling operations. Determination of casing setting depth shall be based on all relevant factors, including presence/absence of hydrocarbons; fracture gradients; usable water zones; formation pressures; lost circulation zones; other minerals; or other unusual characteristics. All indications of usable water shall be reported.
- b. Casing design shall assume formation pressure gradients of 0.44 to 0.50 psi per foot for exploratory wells (lacking better data).
- c. Casing design shall assume fracture gradients from 0.70 to 1.00 psi per foot for exploratory wells (lacking better data)
- d. Casing collars shall have a minimum clearance of 0.422 inches of all sides in the hole/casing annulus, with recognition that variances can be granted for justified exceptions.
- e. All waiting on cement times shall be adequate to achieve a minimum of 500 psi compressive strength at the casing shoe prior to drilling out.
- f. All casing except the conductor casing, shall be new or reconditioned and tested used casing that meets or exceeds API standards for new casing.
- g. The surface casing shall be cemented back to surface either during the primary cement job or by remedial cementing.
- h. All indications of usable water shall be reported to the authorized officer prior to running the next string of casing or before plugging orders are requested, whichever occurs first.



- i. Three centralizers will be run on the bottom three joints of surface casing with a minimum of one centralizer per joint starting with the shoe joint.
- j. Top plugs shall be used to reduce contamination of cement by displacement fluid. A bottom plug or other acceptable technique, such as a suitable preflush fluid, inner string cement method, etc. shall be utilized to help isolate the cement from contamination by the mud fluid being displaced ahead of the cement slurry.
- k. All casing strings below the conductor shall be pressure tested to 0.22 psi per foot of casing string length or 1500 psi, whichever is greater, but not to exceed 70 percent of the minimum internal yield. If pressure declines more than 10 percent in 30 minutes, corrective action shall be taken.
- l. On all exploratory wells, and on that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Formation at the shoe shall be tested to a minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.
- m. The proposed casing program will be as follows:

<u>Purpose</u>	<u>Depth</u>	<u>Hole Size</u>	<u>O.D.</u>	<u>Weight</u>	<u>Grade</u>	<u>Type</u>	<u>New or Used</u>
Surface	0-300'	17-1/4"	13-3/8"	61#	J/K-55	ST&C	New
Intermed.	0-2,500'	12-1/4"	9-5/8"	36#	J-55	LT&C	New
Produc.	0-7,100'	7-7/8"	4-1/2"	11.6#	N-80	LT&C	New

- n. Casing design subject to revision based on geologic conditions encountered.
- o. The cement program will be as follows:

<u>Surface</u>	<u>Type and Amount</u>
0-300'	360 sx Class "G" with 2% CaCl & .25#/sk Cello-Flake, or sufficient to circulate to surface.



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DRILLING PROGRAM

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Intermediate
0-2,500'

Type and Amount

Lead: 475 sx Premium Light +1% Econolite + 0.25#/sx Flocele +3% /salt

Tail: 215 sx Premium +2% CaCl + 0.25#/sx Flocele. Top of cement estimated to be at surface.

Production
0-7,100'

Type and Amount

900 sx Class "G" + .3% CFR-3 + .25#/sk Flocele + .5% Halad 9 + 2% Gel + 2% Microbond. The estimated top of the Cement is 2400'.

Anticipated cement tops will be reported as to depth; not the expected number of sacks of cement to be used. The District Office should be notified, with sufficient lead time, in order to have a BLM representative on location while running all casing strings and cementing.

- q. After cementing but before commencing any test, the casing string shall stand cemented until the cement has reached a compressive strength of at least 500 psi at the shoe. WOC time shall be recorded in the driller's log.
- r. The following reports shall be filed with the District Manager within 30 days after the work is completed.
 - 1. Progress reports, Form 3160-5 (formerly 9-331) "Sundry Notices and Reports on Wells", must include complete information concerning:
 - a. Setting of each string of casing, showing the size, grade, weight of casing set, hole size, setting depth, amounts and type of cement used, whether cement circulated or the top of the cement behind the casing, depth of cementing tools used, casing test method and results, and the date work was done. Show the spud date on the first reports submitted.
 - b. Temperature or bond logs must be submitted for each well where the casing cement was not circulated to the surface.



s. Auxiliary equipment to be used is as follows:

1. Kelly cock
2. No bit float is deemed necessary.
3. A sub with a full opening valve.

5. Mud Program

a. The proposed circulating mediums to be employed in drilling are as follows:

<u>Interval</u>	<u>Mud Type</u>	<u>Mud Wt.</u>	<u>Visc.</u>	<u>F/L</u>	<u>PH</u>
0-500'	Air/Air Mist	---	---	---	---
500-2,500'	Clear Water	8.4	---	---	---
2,500'-TD	Gel Mud	8.4-9.8	35-45	8-10	9

There will be sufficient mud on location to control a blowout should one occur.

A mud test shall be performed every 24 hours after mudding up to determine, as applicable: density, viscosity, gel strength, static filtration loss, and Ph.

b. Mud monitoring equipment to be used is as follows:

1. Periodic checks will be made each tour of the mud system. The mud level will be checked visually.

c. No chromate additives will be used in the mud system on Federal and/or Indian lands without prior BLM approval to ensure adequate protection of fresh water aquifers.

d. No chemicals subject to reporting under SARA Title III in an amount equal to or greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling of this well.

e. The use of materials under BLM jurisdiction will conform to 43 CFR 361



6. Evaluation Program - Testing, Logging and Coring

The anticipated type and amount of testing, logging and coring are as follows:

- a. No drill stem tests are anticipated, however, if DST's are run, the following requirements will be adhered to:

Initial opening of drill stem test tools shall be restricted to daylight hours unless specific approval to start during other hours is obtained from the authorized officer. However, DST's may be allowed to continue at night if the test was initiated during daylight hours and the rate of flow is stabilized and if adequate lighting is available (i.e. lighting which is adequate for visibility and vapor-proof for safe operations). Packers can be released, but tripping shall not begin before daylight, unless prior approval is obtained from the authorized officer. Closed chamber DSTs may be accomplished day or night.

A DST that flows to the surface with evidence of hydrocarbons shall be either reversed out of the testing string under controlled surface conditions. This would involve provided some means for reverse circulation.

Separation equipment required for the anticipated recovery shall be properly installed before a test starts.

All engines within 100 feet of the wellbore that are required to "run" during the test shall have spark arresters or water cooled exhausts.

- b. The logging program will consist of the following logs: An array Induction log and DCL, CNL, ML will be run from T.D. to 500'.
- c. Selected sidewall cores will be run in the Mesa Verde and Wasatch formations.
- d. Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample description and all other surveys or data obtained and compiled during the



drilling, workover, and/or completion operations, will be filed with form 3160-4. Samples (cutting, fluids, and/or gases will be submitted when requested by the authorized officer (AO).

- e. The anticipated completion program will be to test prospective zones in Mesa Verde and Wasatch Formations by perforating and fracture stimulation.
- f. Daily drilling and completion progress reports shall be submitted to the BLM in Vernal on a weekly basis.

7. Abnormal Pressures and H₂S Gas

- a. The expected bottom hole pressure is 3000 psi.
- b. No hydrogen sulfide gas is anticipated and no abnormal pressures or temperatures are anticipated.

8. Anticipated Starting Dates and Notification Requirements

- a. Drilling will commence upon approval.
- b. It is anticipated that the drilling of this well will take approximately 7-10 days.
- c. The BLM in Vernal, Utah shall be notified of anticipated date of location construction commencement and of anticipated spud date.
- d. No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the AO. If operations are to be suspended, prior approval of the AO will be obtained and notification given before resumption of operations.



- e. The spud date will be reported orally to the AO within 48 hours after spudding. If the spudding occurs on a weekend or holiday, the report will be submitted on the following regular work day. The oral report will be followed up with a Sundry Notice.
- f. In accordance with Onshore Oil and Gas Order No. 1, this well will be reported on Form 3160-6 "Monthly Report of Operations", starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report will be filed with the Vernal BLM District Office, 170 South 500 East, Vernal, UT 84078.
- g. Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported in accordance with the requirements of NTL-3A or its revision.
- h. If a replacement rig is contemplated for completion operations, a "Sundry Notice" Form 3160-5 to that effect will be filed, for prior approval of the AO, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig.
- i. Should the well be successfully completed for production, the AO will be notified when the well is placed in a producing status. Such notification will be sent by telegram or other written communications, not later than 5 days following the date on which the well is placed on production.
- j. Pursuant to Onshore Order No. 7, with the approval of the District Engineer, produced water may be temporarily disposed of into unlined pits for a period of up to 90 days. During the period so authorized, an application for approval of the permanent disposal method, along with the required water analysis and other information, must be submitted to the District Engineer.
- k. Pursuant to NTL-4A, lessees or operators are authorized to vent/flare gas during initial well evaluation tests, not exceeding a period of 30 days or the production of 50 MMCF of gas, whichever occurs first. An application must be filed with the District Engineer and approval received, for any venting/flaring of gas beyond the initial 30 day or authorized test period.



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Uintah County, Utah

CONFIDENTIAL - TIGHT HOLE

Lease No. UTU-75098

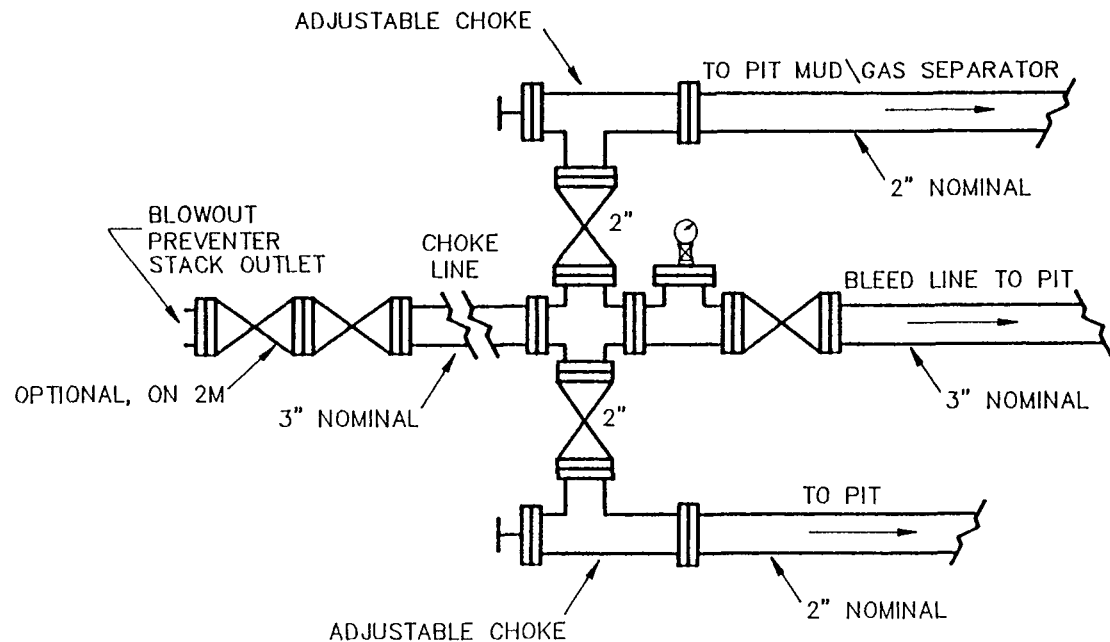
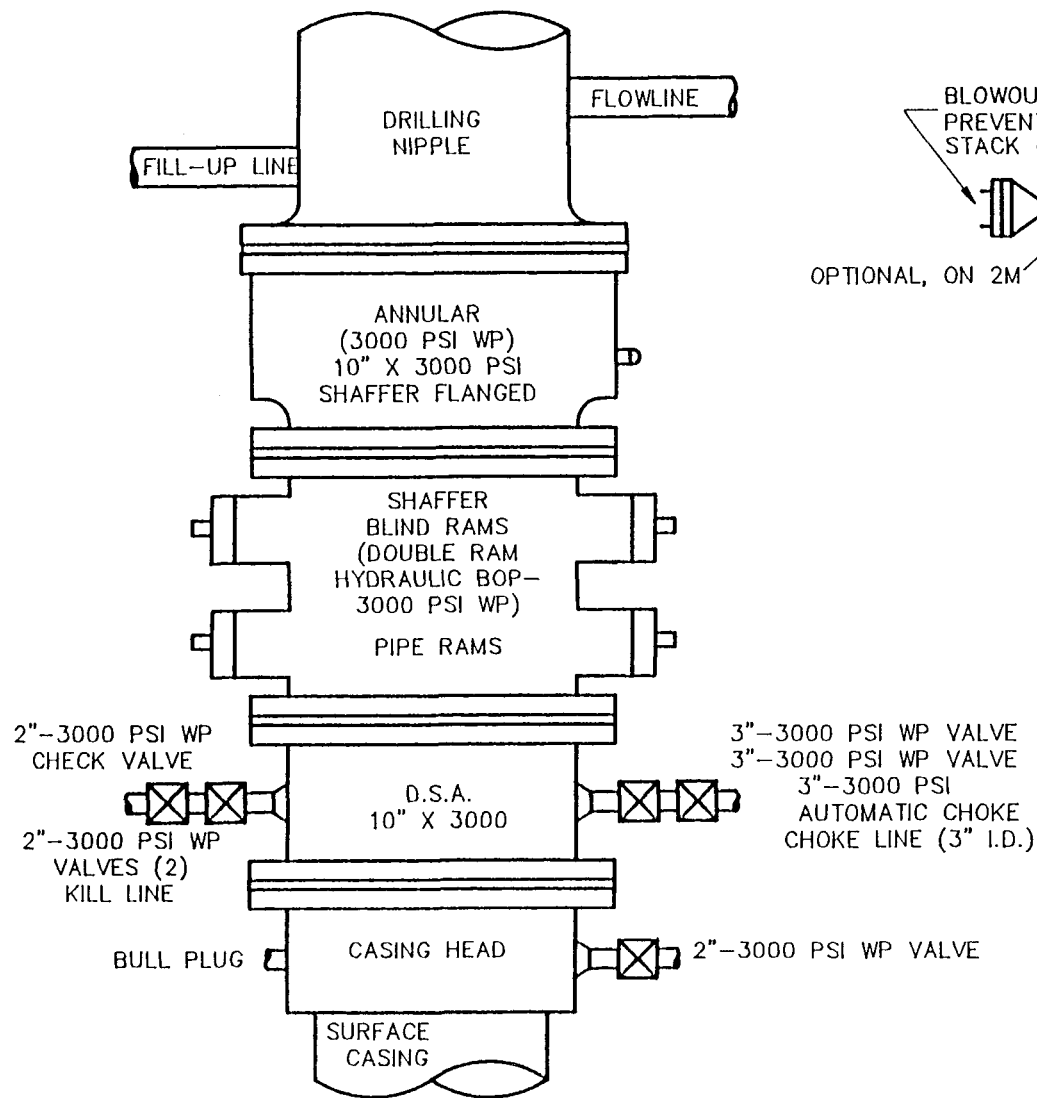
DRILLING PROGRAM

Page 11

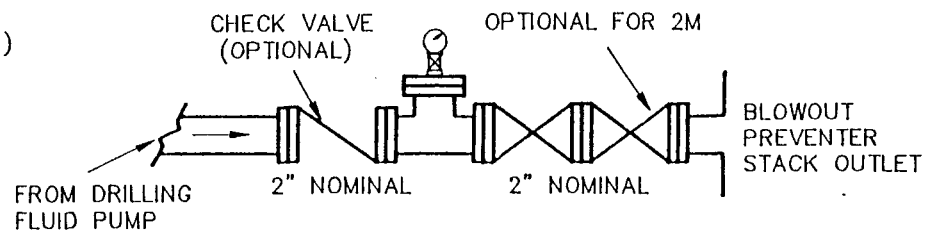
- l. A schematic facilities diagram as required by 43 CFR 3162.7-5 (b.9.d.), shall be submitted to the appropriate District Office within sixty (60) days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-5 (b.4.).
- m. A first production conference will be scheduled within 15 days after receipt of the first production notice.
- n. No well abandonment operations will be commenced without the prior approval of the AO. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the SO. A "Subsequent Report of Abandonment" Form 3160-5, will be filed with the AO within 30 days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the AO or his representative, or the appropriate Surface Managing Agency.
- o. Pursuant to Onshore Oil and Gas Order No. 1, lessees and operators have the responsibility to see that their exploration, development, production, and construction operations are conducted in a manner which conforms with applicable Federal laws and regulations and with State and local laws and regulations to the extent that such State and local laws are applicable to operations on Federal or Indian lands.



BOP SCHEMATIC 3000 PSI WORKING PRESSURE



TYPICAL CHOKE MANIFOLD ASSEMBLY
FOR 3M RATED WORKING
PRESSURE SERVICE - SURFACE INSTALLATION



TYPICAL KILL LINE ASSEMBLY FOR 3M RATED
WORKING PRESSURE SERVICE - SURFACE INSTALLATION

ONSHORE OIL & GAS ORDER NO. 1

NOTIFICATION REQUIREMENTS

- | | |
|-----------------------------------|--|
| Location Construction - | forty-eight (48) hours prior to construction of location and access roads. |
| Location Completion - | prior to moving on the drilling rig. |
| Spud Notice - | at least twenty-four (24) hours prior to spudding the well. |
| Casing String and Cementing - | twenty-four (24) hours prior to running casing and cementing all casing strings. |
| BOP and Related Equipment Tests - | twenty-four (24) hours prior to initiating pressure tests. |
| First Production Notice - | within five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days. |

The onsite inspection for the subject wellsite was conducted on Thursday, November 12, 1998 at approximately 3:20 p.m. Weather conditions were cool and clear. In attendance at the onsite inspection were the following individuals:

Lisa Smith
Robert Kay
Byron Tolman
Steve Strong
Danny Widner

Permitco Inc.
Uintah Engineering and Land Surveying
Bureau of Land Management
Bureau of Land Management
Rosewood Resources, Inc.

1. Existing Roads

- a. The proposed well site is located approximately 24.5 miles south of Bonanza, Utah.



- b. Directions to the location from Bonanza, Utah are as follows:

From Bonanza, proceed south for 16.3 miles to Rainbow. Turn right and proceed westerly for 2.2 miles. Turn left onto an existing trail and proceed southeasterly, then southerly for 1.4 miles to the location.

- c. For location of access roads within a 2-Mile radius, see Maps A & B.
- d. Improvement to existing main roads will not be required.
- e. All existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well.
- f. Existing roads and newly constructed roads on surface under the jurisdiction of any Surface Managing Agency shall be maintained in accordance with the standards of the SMA.

2. Planned Access Roads

- a. The last 1.4 miles of existing trail will be upgraded to BLM Class III standards. Water turnouts will be installed as needed.
- b. The maximum grade of the upgrade construction will be approximately 6%.
- c. No turnouts are planned.
- d. No low water crossings will be necessary. There are no major cuts and fills. No culverts and/or bridges will be required.
- e. The last 1.4 miles of access road was centerline flagged at the time of staking. Existing access near the wellpad will be rerouted as necessary to avoid the wellpad for possible mine activity.
- f. The use of surfacing material is not anticipated, however it may be necessary depending on weather conditions.



- g. No cattleguards will be necessary at this time.
- h. Surface disturbance and vehicular travel will be limited to the approved location and approved access route. Any additional area needed will be approved in advance.
- i. Access roads and surface disturbing activities will conform to standards outlined in the Bureau of Land Management and Forest Service publication: Surface Operating Standards for Oil and Gas Exploration and Development, (1989).
- j. The road will be constructed/upgraded to meet the standards of the anticipated traffic flow and all weather road requirements. Construction/upgrading shall include ditching, draining, graveling, crowing and capping the roadbed as necessary to provide a well constructed safe road. Prior to upgrading, the road shall be cleared of any snow cover and allowed to dry completely. Traveling off the 30 foot right-of-way will not be allowed. Road drainage crossings shall be of the typical dry creek drainage crossing type. Crossings shall be designed so they will not cause siltation or accumulation of debris in the drainage crossing nor shall the drainages be blocked by the roadbed. Erosion of drainage ditches by runoff water shall be prevented by diverting water off at frequent intervals by means of cutouts. Upgrading shall not be allowed during muddy conditions. Should mud holes develop, they shall be filled in and detours around them avoided.
- k. If the well is productive, additional water drainage will be installed along the new portion of access road to keep the water off the road.
- l. No chemicals subject to reporting under SARA Title III in an amount equal to or greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling of this well.



- m. A road right of way will be required for the portion of access road located outside of lease no UTU-75098 into the NE NE of Section 22, T11S - R24E until reaching private land in Section 15, T22S - R24E. See Map D attached. Enclosed is our check in the amount of \$375.00 for the minimum application and monitoring fees.

3. Location of Existing Wells Within a 1-Mile Radius of the Proposed Location.

- a. Water wells - none
- b. Injection wells - none
- c. Producing wells - none
- d. Drilling wells - none
- e. Shut-in wells - none
- f. Temporarily abandoned wells - none
- g. Disposal wells - none
- h. Abandoned wells - none
- i. Dry Holes - none

4. Location of Tank Batteries and Production Facilities.

- a. All permanent structures (onsite for six months or longer) constructed or installed (including oil well pump jacks) will be painted Juniper Green. All facilities will be painted within six months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded.



- b. If storage facilities/tank batteries are constructed on this lease, the facility/battery or the wellpad shall be surrounded by a containment dike of sufficient capacity to contain at a minimum, the entire contents of the largest tank within the facility/battery, unless more stringent protective requirements are deemed necessary by the authorized officer.
- c. A typical production layout is attached. If at the time of production it is determined that an alternate layout is necessary, a Sundry Notice will be submitted showing placement of all production facilities prior to construction.
- d. All loading lines will be placed inside the berm surrounding the tank battery.
- e. Gas meter runs for each well will be located within 500 feet of the wellhead. The gas flowline will be buried or anchored down from the wellhead to the meter and 500 feet downstream of the meter run or any production facilities. Meter runs will be housed and/or fenced.
- f. The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place prior to any deliveries. Tests for meter accuracy will be conducted monthly for the first three months on new meter installations and at least quarterly thereafter. The AO will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the Vernal District Office. All meter measurement facilities will conform with Onshore Oil and Gas Order No. 4 for liquid hydrocarbons and Onshore Oil and Gas Order No. 5 for natural gas measurement.
- g. If at any time the facilities located on public land and authorized by the terms of the lease are no longer included in the lease (due to a contraction in the unit or other lease or unit boundary change), BLM will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rental or other financial obligation as determined by the authorized officer.



- h. Any necessary pits will be properly fenced to prevent any wildlife entry.
- i. All site security guidelines identified in 43 CFR 3162.7 regulations will be adhered to.
- j. All off-lease storage, off-lease measurement, or commingling on-lease or off-lease will have prior written approval from the District Manager.
- k. All access roads will be maintained as necessary to prevent erosion and accommodate year-round traffic.
- l. The road will be maintained in a safe useable condition.
- m. The surface pipeline will be 4" welded steel and will be approximately 4,200 feet in length. The pipeline will follow the route shown on Map "C". A request is made for the pipeline right of way. A check in the amount of \$325.00 is enclosed to cover the pipeline fees.

5. Location and Type of Water Supply

- a. The proposed water source is the Rock House #5A water source - Permit No. 49-1547.
- b. Water will be hauled to location over the access roads shown on Maps A and B.
- c. No water well will be drilled on this lease.

6. Source of Construction Material

- a. Surface and subsoil materials in the immediate area will be utilized.
- b. Any gravel used will be obtained from a commercial source.



- c. The use of materials under BLM jurisdiction will conform with 43 CFR 3610.2.3. Construction material will not be located on lease.
- d. No construction materials will be removed from Federal land.

7. Methods of Handling Waste Disposal

- a. The reserve pit will be constructed so as not to leak, break, or allow discharge.
- b. If it is necessary to blast the pit area during construction, an inspection of the pit will be made by a representative of the BLM with a representative of Rosewood Resources, Inc. and it will be determined if a reserve pit liner is necessary. If fractured rock is encountered, the pit will be first lined with sufficient bedding (either straw or dirt) to cover any rocks. The liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash, scrap pipe, etc., that could puncture the liner will be disposed of in the pit. More stringent protective requirements may be deemed necessary by the A.O.
- c. Burning will not be allowed. All trash will be contained in a trash cage and its contents removed at the end of drilling operations and hauled to an approved disposal sight.
- d. After first production, produced waste water will be confined to a unlined pit or storage tank for a period not to exceed ninety (90) days. During the 90-day period, in accordance with Onshore Order No. 7, an application for approval of a permanent disposal method and location, along with the required water analysis, will be submitted for the AO's approval. Failure to file an application within the time allowed will be considered an incident of noncompliance.
- e. Drill cuttings are to be contained and buried in the reserve pit.
- f. Any salts and/or chemicals which are an integral part of the drilling system will be disposed of in the same manner as the drilling fluid.



- g. A chemical porta-toilet will be furnished with the drilling rig.
- h. The produced fluids will be produced into a test tank until such time as construction of production facilities is completed. Any spills of oil, gas salt water or other produced fluids will be cleaned up and removed.

8. Ancillary Facilities

There are no airstrips, camps, or other facilities planned during the drilling of the proposed well.

9. Well Site Layout

- a. The operator or his/her contractor shall contact the BLM Office at 435/789-1362 forty-eight (48) hours prior to construction activities.
- b. The reserve pit will be located on the southeast side of the location.
- c. The flare pit will be located downwind of the prevailing wind direction on the south side, a minimum of 100 feet from the well head and 30 feet from the reserve pit fence.
- d. The stockpiled topsoil (first six inches) will be stored on the west end and south side of the location. Topsoil along the access route will be windrowed on the uphill side.
- e. Access to the wellpad will be from the north as shown on the Pit & Pad Layout.
- f. See Location Layout for orientation of rig, cross section of drill pad and cuts and fills.
- g. The location of mud tanks; reserve pit, trash cage; pipe racks; living facilities and soil stockpiles will be shown on the Location Layout.



- h. All pits will be fenced according to the following minimum standards:
 - 1. 39 inch net wire shall be used with at least one strand or barbed wire on top of the net wire (barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence).
 - 2. The net wire shall be no more than 2-inches above the ground. The barbed wire shall be 3-inches above the net wire. Total height of the fence shall be at least 42-inches.
 - 3. Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.
 - 4. Standard steel, wood, or pipe posts shall be used between the corner braces. Maximum distance between any two posts shall be no greater than 16 feet.
 - 5. All wire shall be stretched, by using a stretching device, before it is attached to the corner posts.
- i. The reserve pit fencing will be on three sides during drilling operations and on the fourth side when the rig moves off the location. Pits will be fenced and maintained until cleanup.
- j. Water drainage onto the location from the uphill side will be re-routed around the pad, after construction, to the most feasible directions.

10. Plans for Restoration of Surface

Producing Location

- a. Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, equipment, debris, materials, trash and junk not required for production.



- b. Immediately upon well completion, any hydrocarbons on the pit shall be removed in accordance with 43 CFR 3162.7-1.
- c. If a plastic nylon reinforced liner is used it shall be torn and perforated before backfilling of the reserve pit.
- d. The reserve pit and that portion of the location not needed for production facilities/operations will be recontoured to the approximate natural contours. The reserve pit will be reclaimed within 120 days from the date of well completion. Before any dirt work takes place, the reserve pit must have all fluids and hydrocarbons removed and all cans, barrels, pipe, etc., will be removed.
- e. After the reserve pit is reclaimed, the water diversion structure will be constructed on previously disturbed soil to divert runoff water around the location to the east.
- f. Reclamation of unused disturbed areas on the well pad/access road no longer needed for operations, such as cut slopes, and fill areas will be accomplished by grading, leveling and seeding as recommended by the Authorized Officer.

The seed mixture requested by the BLM for reclamation of the drillsite is as follows:

<u>Species</u>	<u>Lbs. PLS/Acre</u>
Fourwing Saltbush	4
Shadscale	2
Needle and Thread	3
Black Sage	3

Seeding will be performed immediately after the location has been reclaimed and the pit has been backfilled, regardless of the time of year. Seed will be broadcast and walked in with a dozer.

- g. The topsoil stockpile will be seeded as soon as the location has been constructed with the seed mix recommended above. The seed will be walked in with a cat.



Dry Hole

- h. At such time as the well is plugged and abandoned, the operator shall submit a subsequent report of abandonment and BLM will attach the appropriate surface rehabilitation conditions of approval.

11. Surface Ownership

Access Roads - All roads are County maintained or managed by the Bureau of Land Management.

Wellpad - The well pad is located on lands managed by the BLM.

12. Other Information

- a. A Class III archeological survey has been conducted by Grand River Institute. Cultural resources identified will be avoided by the wellpad and access route. Therefore, clearance has been recommended. A copy of this report will be submitted to the appropriate agencies by Grand River Institute.

- b. The operator is responsible for informing all persons in the areas who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the authorized officer (AO). Within five working days the AO will inform the operator as to:

-whether the materials appear eligible for the National Register of Historic Places;

-the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and



-a time frame for the AO to complete and expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate. If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that required mitigation has been completed, the operator will then be allowed to resume construction.

- c. The operator will control noxious weeds along rights-of-way for roads, pipelines, well sites, or other applicable facilities. A list of noxious weeds may be obtained from the BLM, or the appropriate County Extension Office. On BLM administered land it is required that a Pesticide Use Proposal shall be submitted, and given approval, prior to the application of herbicides or other pesticides or possible hazardous chemicals.
- d. Drilling rigs and/or equipment used during drilling operations on this wellsite will not be stacked or stored on Federal Lands after the conclusion of drilling operations or at any other time without BLM authorization. However, if BLM authorization is obtained, it is only a temporary measure.
- e. All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved plan of operations, and any applicable Notice to Lessees. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.
- f. A complete copy of the approved APD shall be on location during construction of the location and drilling activities.
- g. There will be no deviation from the proposed drilling and/or workover program without prior approval from the AO. Safe drilling and operating



practices must be observed. All wells, whether drilling, producing, suspended or abandoned will be identified in accordance with 43 CFR 3162.

- h. "Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.
- i. This permit will be valid for a period of one year from the date of approval. An extension period may be granted, if requested, prior to the expiration of the original approval period. After permit termination, a new application will be filed for approval for any future operations.
- j. The operator or his contractor shall contact the BLM Offices at 435/789-1362 48 hours prior to construction activities.
- k. The BLM Office shall be notified upon site completion prior to moving on the drilling rig.
- l. In the event after-hours approvals are necessary, please contact one of the following individuals:

Ed Forsman
Wayne Bankert
BLM Fax Machine

Petroleum Engineer 435/789-7077
Petroleum Engineer 435/789-4170
435/789-3634

13. Lessee's or Operator's Representative and Certification

Permit Matters

PERMITCO INC.
Lisa L. Smith
14421 Weld County Rd. 10
Ft. Lupton, Co 80621
303/857-9999

Drilling & Completion Matters

ROSEWOOD RESOURCES, INC.
P.O. Box 1668
Vernal, UT 84078
435/789-0414 (O)
435/828-6100 (M) - Danny Widner
435/828-6438 (M) - Salty Miller
435/789-0823 (H)



ONSHORE ORDER NO. 1
Rosewood Resources, Inc.
Federal N #42-22
2024' FNL and 1008' FEL
SE NE Sec. 22, T11S - R24E
Uintah County, Utah

CONFIDENTIAL - TIGHT HOLE

Lease No. UTU-75098

SURFACE USE PLAN


Page 14

Certification

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Rosewood Resources, Inc. and its contractors and subcontractors in conformity with the plan and the terms and conditions under which it is approved.

This statement is subject to the provisions of 18.U.S.C. 1001 for the filing of a false statement.

November 25, 1998
Date:



Lisa L. Smith - PERMITCO INC.
Authorized Agent for:
ROSEWOOD RESOURCES, INC.



LEGEND:

⊙ PROPOSED LOCATION



ROSEWOOD RESOURCES, INC.

FEDERAL N #42-22

SECTION 22, T11S, R24E, S.L.B.&M.

2024' FNL 1008' FEL



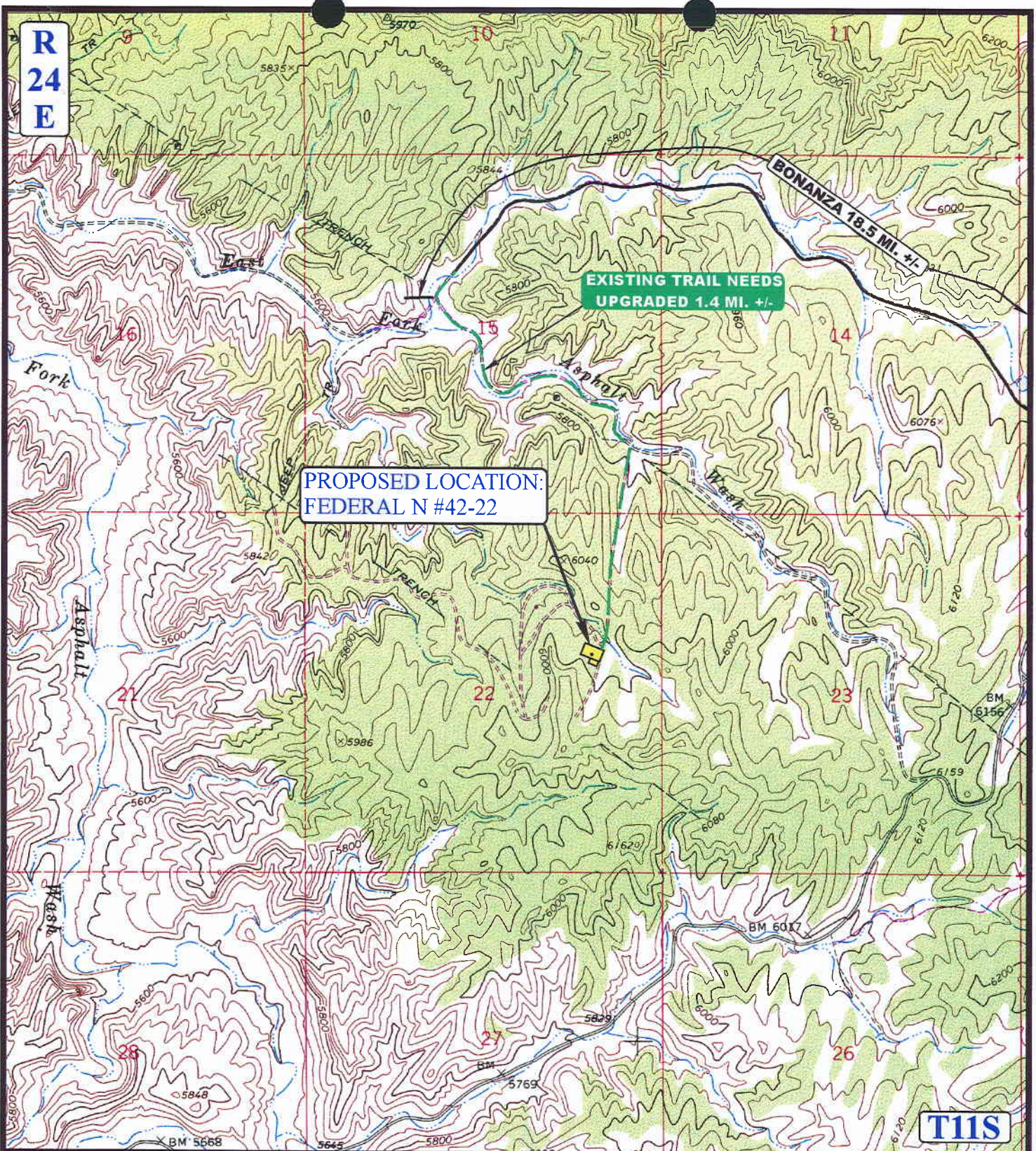
Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

**TOPOGRAPHIC
MAP**

10	20	98
MONTH	DAY	YEAR

SCALE: 1 : 100,000 | DRAWN BY: C.G. | REVISED: 00-00-00





LEGEND:

- PROPOSED ACCESS ROAD
— EXISTING ROAD



ROSEWOOD RESOURCES, INC.

FEDERAL N #42-22
SECTION 22, T11S, R24E, S.L.B.&M.
2024' FNL 1008' FEL



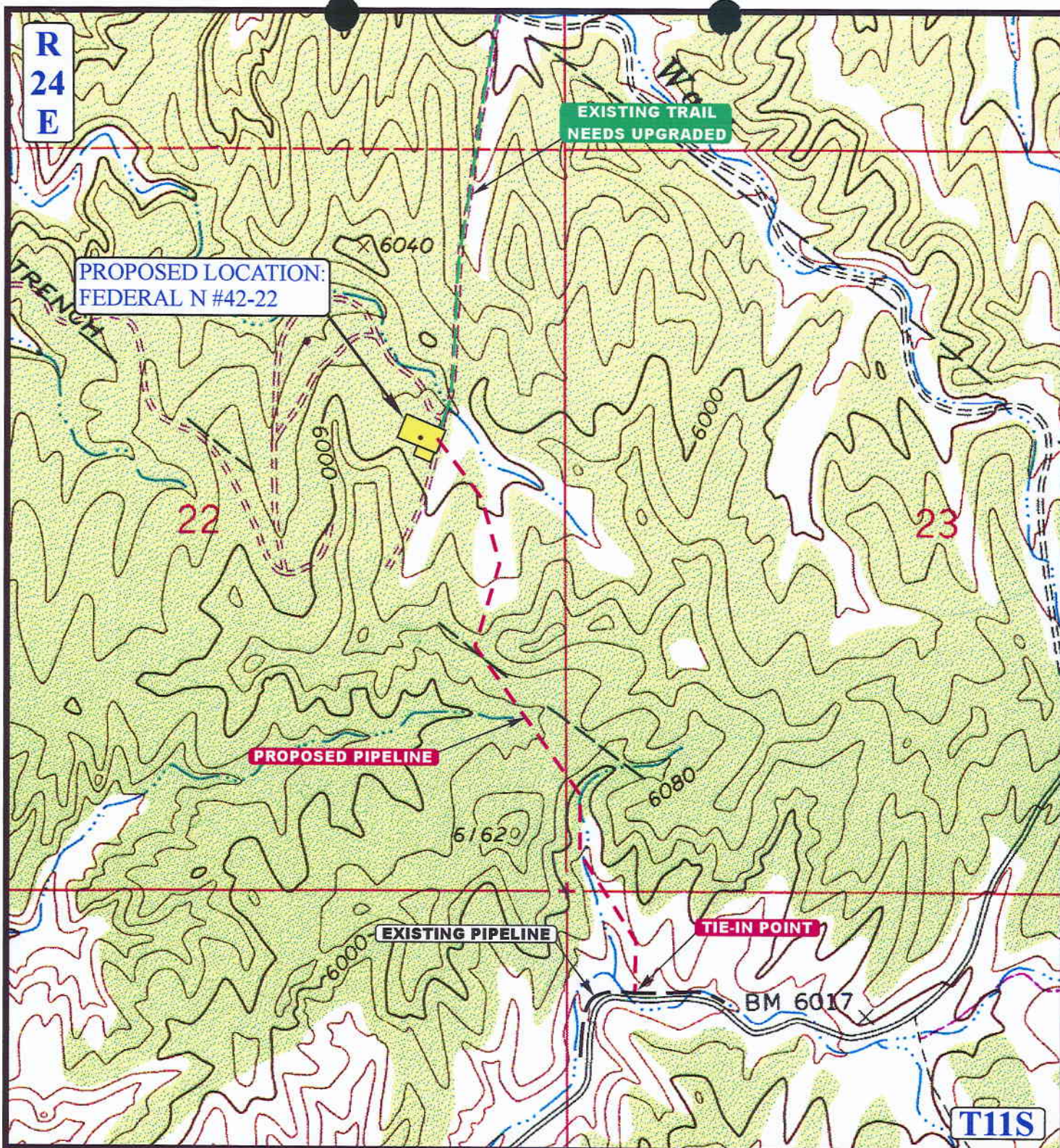
Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC
MAP

10 20 98
MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: C.G. REVISED: 00-00-00

B
TOPO



APPROXIMATE TOTAL PIPELINE DISTANCE = 4200' +/-

LEGEND:

- — — — — EXISTING PIPELINE
- - - - - PROPOSED PIPELINE
- — — — — PROPOSED ACCESS

ROSEWOOD RESOURCES, INC.

FEDERAL N #42-22

SECTION 22, T11S, R24E, S.L.B.&M.

2024' FNL 1008' FEL



Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813



**TOPOGRAPHIC
MAP**

10 20 98
 MONTH DAY YEAR

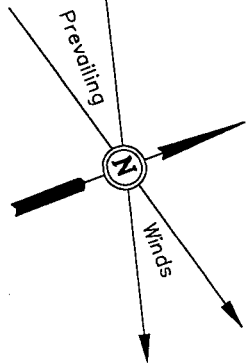
SCALE: 1" = 1000' DRAWN BY: C.G. REVISED: 00-00-00

**C
TOPO**

ROSEWOOD RESOURCES, INC.

LOCATION LAYOUT FOR

FEDERAL N #42-22
SECTION 22, T11S, R24E, S.L.B.&M.
2024' FNL 1008' FEL



SCALE: 1" = 50'
DATE: 10-23-98

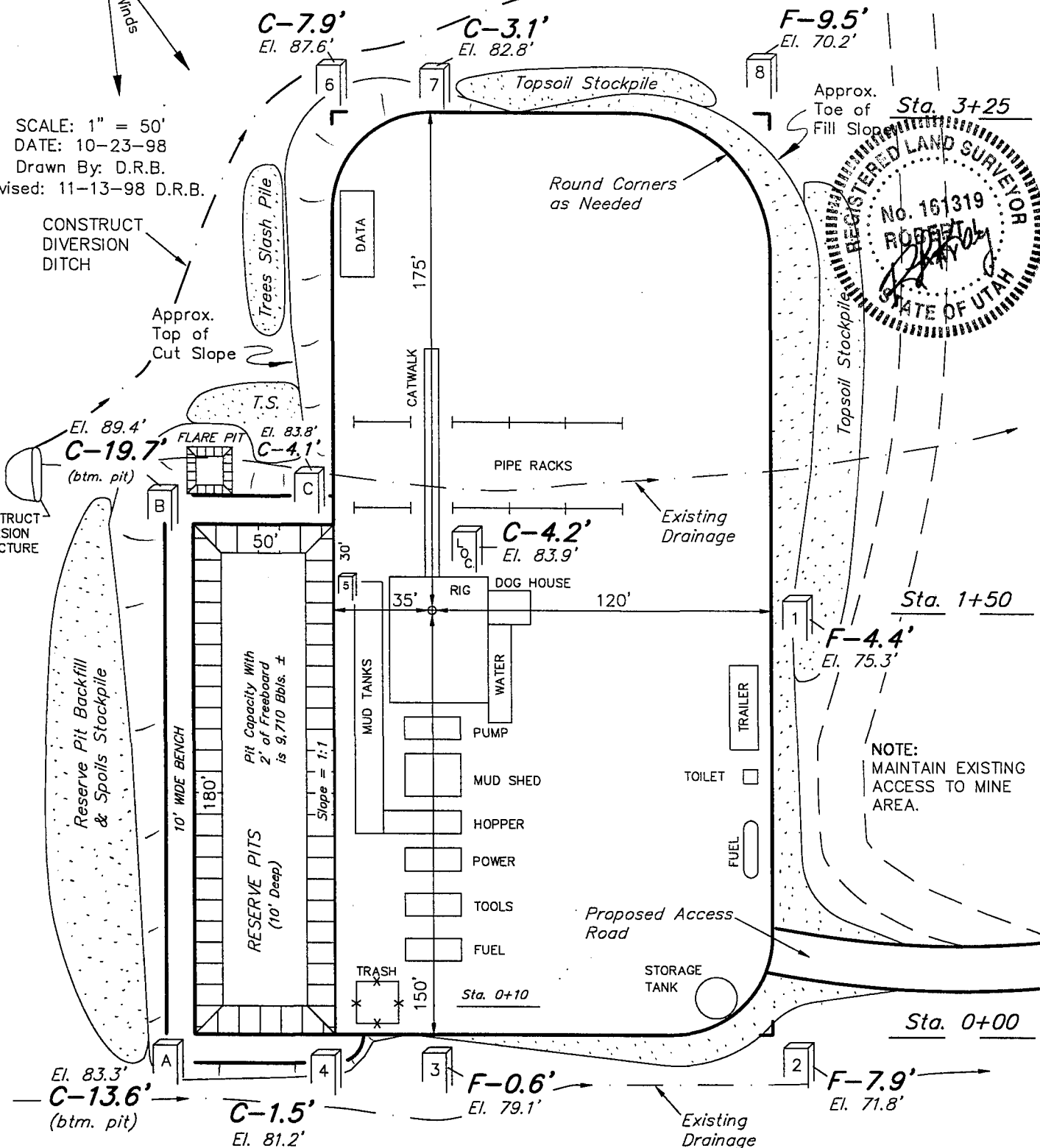
Drawn By: D.R.B.

Revised: 11-13-98 D.R.B.

CONSTRUCT
DIVERSION
DITCH

Approx.
Top of
Cut Slope

CONSTRUCT
DIVERSION
STRUCTURE



NOTE:
MAINTAIN EXISTING
ACCESS TO MINE
AREA.

Elev. Ungraded Ground at Location Stake = 5983.9'

Elev. Graded Ground at Location Stake = 5979.7'

UINTAH ENGINEERING & LAND SURVEYING

85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017

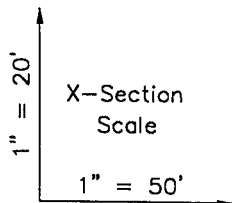
ROSEWOOD RESOURCES, INC.

TYPICAL CROSS SECTIONS FOR

FEDERAL N #42-22

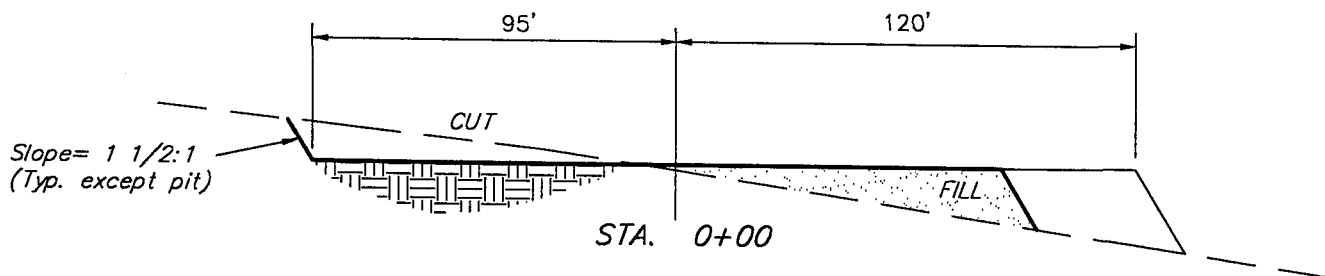
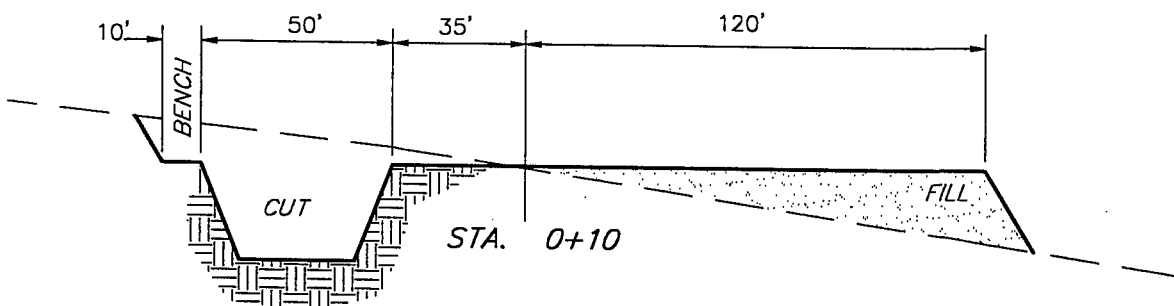
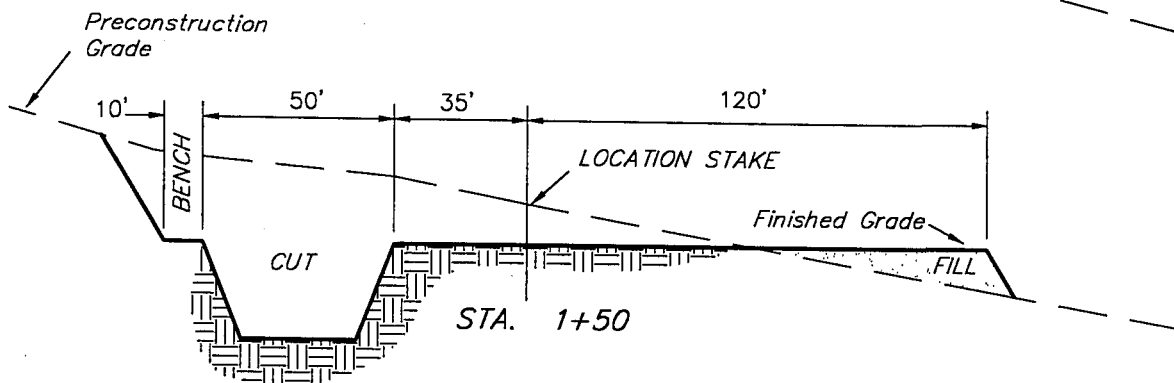
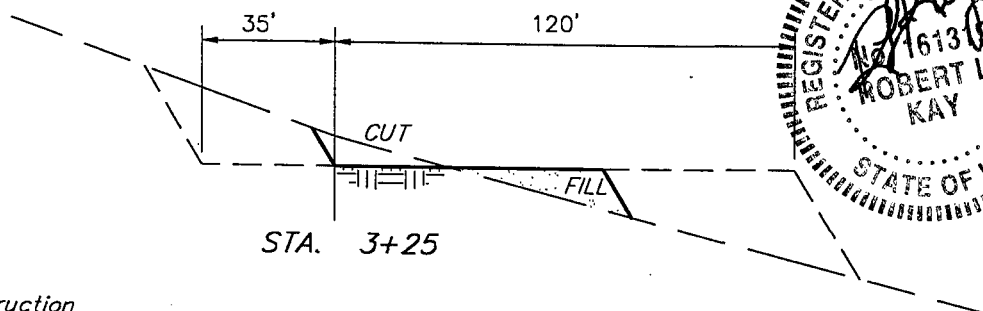
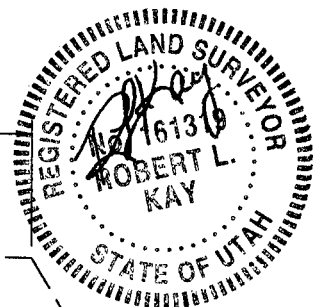
SECTION 22, T11S, R24E, S.L.B.&M.

2024' FNL 1008' FEL



DATE: 10-23-98

Drawn By: D.R.B.



APPROXIMATE YARDAGES

(6") Topsoil Stripping	= 1,100 Cu. Yds.
Remaining Location	= 7,270 Cu. Yds.
TOTAL CUT	= 8,370 CU.YDS.
FILL	= 5,710 CU.YDS.

EXCESS MATERIAL AFTER 5% COMPACTION	= 2,360 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 2,360 Cu. Yds.
EXCESS UNBALANCE (After Rehabilitation)	= 0 Cu. Yds.

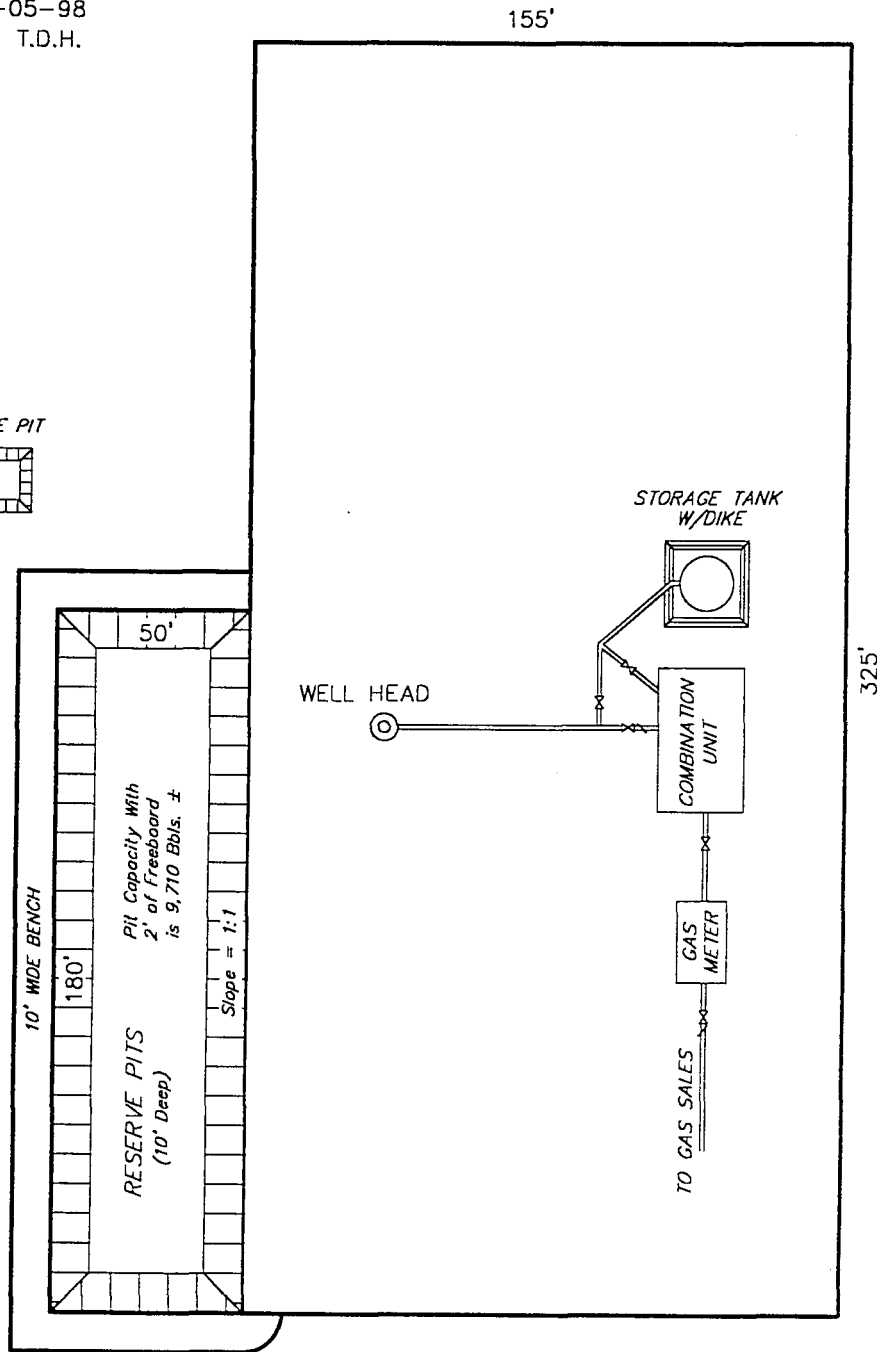
UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East • Vernal, Utah 84078 • (435) 789-1017

ROSEWOOD RESOURCES, INC.
TYPICAL PRODUCTION FACILITY LAYOUT

Federal N #42-22
SE NE Sec 22, T11S - R24E
2024' FNL and 1008' FEL

SCALE: 1" = 50'
DATE: 05-05-98
Drawn By: T.D.H.

FLARE PIT



There are no federal stipulations at this time.



A Class III Archeological Survey has been conducted by Grand River Institute. Cultural resources found will be avoided by the wellpad and access route. Therefore, clearance has been recommended. A copy of this report will be submitted directly to the appropriate agencies by Grand River Institute.



A Wastewater Permit will be filed with the Uintah Basin District Health Department by Mountain West Oilfield Services on behalf of Rosewood Resources, Inc.



WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 11/27/98

API NO. ASSIGNED: 43-047-33264

WELL NAME: FEDERAL N 42-22
OPERATOR: ROSEWOOD RESOURCES INC (N7510)
CONTACT: Lisa Smith (303) 857-9999

PROPOSED LOCATION:
SENE 22 - T11S - R24E
SURFACE: 2024-FNL-1008-FEL
BOTTOM: 2024-FNL-1008-FEL
UINTAH COUNTY
UNDESIGNATED FIELD (002)

LEASE TYPE: FED
LEASE NUMBER: UTU-75098
SURFACE OWNER: Federal

PROPOSED FORMATION: WSMVD

INSPECT LOCATION BY: / /

TECH REVIEW	Initials	Date
Engineering		
Geology		
Surface		

RECEIVED AND/OR REVIEWED:

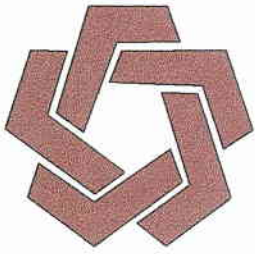
☒ Plat
☒ Bond: Federal ☒ State ☐ Fee ☐
(No. MT-0627)
☒ Potash (Y/N)
☒ Oil Shale (Y/N) *190-5(B)
☒ Water Permit
(No. 49-1547)
☒ RDCC Review (Y/N)
(Date: _____)
☒ Fee Surf Agreement (Y/N)

LOCATION AND SITING:

☒ R649-2-3. Unit Thimble Rock
☐ R649-3-2. General
☒ R649-3-3. Exception
☐ Drilling Unit
Board Cause No: _____
Date: _____

COMMENTS:

STIPULATIONS: ① FEDERAL APPROVAL



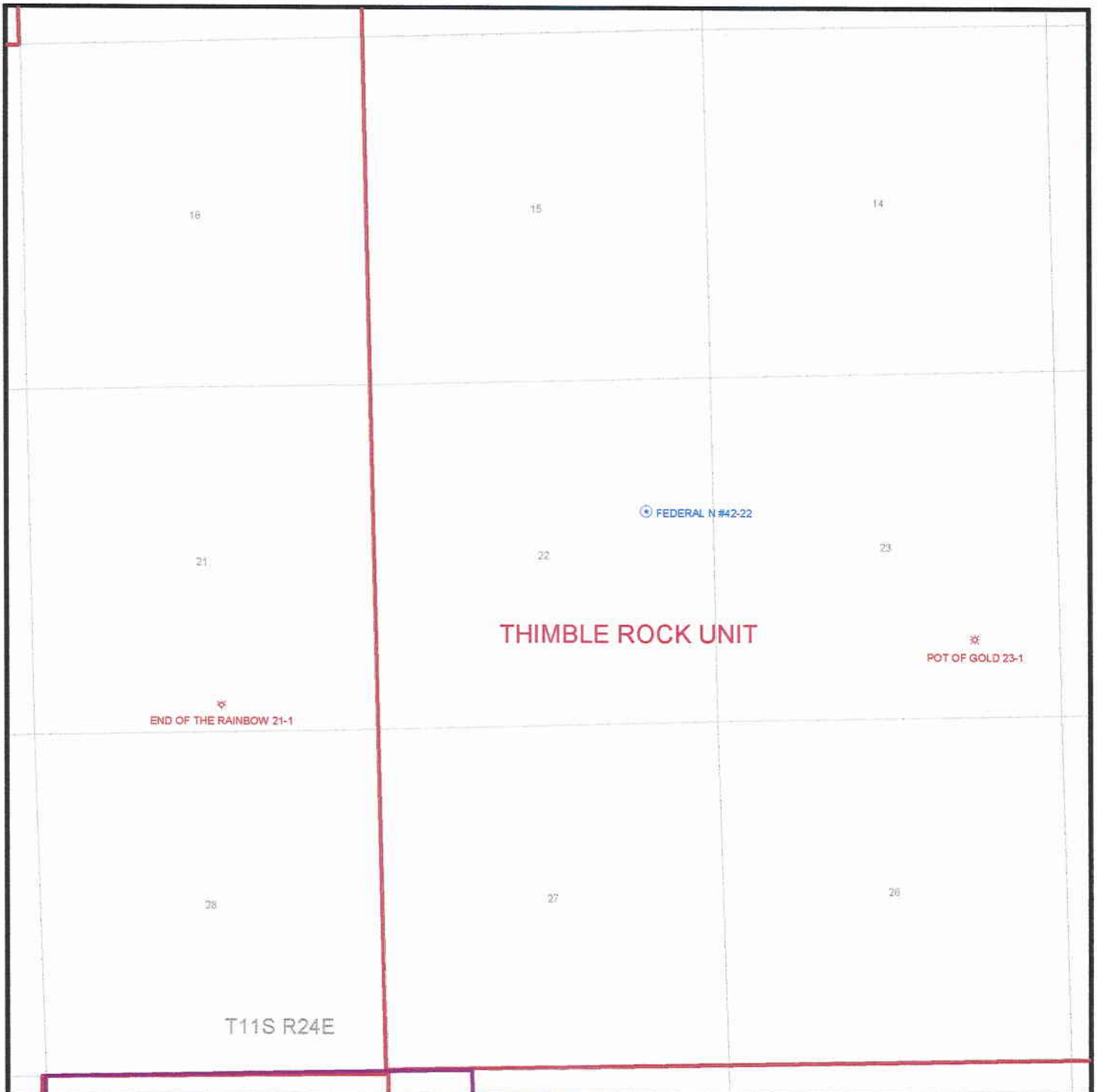
DIVISION OF OIL, GAS & MINING

OPERATOR: ROSEWOOD RESOURCES (N7510)

FIELD: UNDESIGNATED (002)

SEC. 22 TWP 11S, RNG 24E

COUNTY: UINTAH UNIT: THIMBLE ROCK UNIT



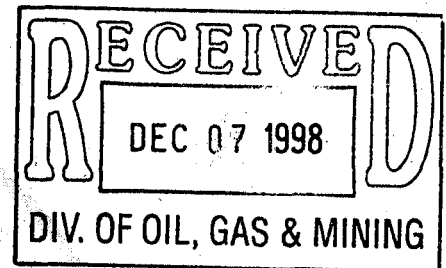
DATE PREPARED:
7-DEC-1998



14421 Weld County Rd.10 • Ft. Lupton, Colorado 80621 • (303) 857-9999 • FAX (303) 857-0577 • E-MAIL Permitco 1@aol.com

December 2, 1998

Bureau of Land Management
170 S. 500 E.
Vernal, UT 84078
Attn: Sally Gardner



Re: Rosewood Resources, Inc.
Federal N #42-22
2024' FNL and 1008' FEL
SE NE Sec. 22, T11S - R24E
Uintah County, Utah
Lease No. UTU-73922

Dear Sally,

Thank you for bringing to our attention that the lease number on the subject well was incorrect and that this well falls within the Thimble Rock Unit. As you requested, we are resubmitting the entire permit showing the corrected lease number on each page.

In addition, we are requesting that you refund the filing fees that were paid for the road and pipeline right of ways. As you mentioned, these right of ways will not be required since the location falls within the Thimble Rock Unit.

We apologize for these errors and regret the inconvenience that this has caused you. If you should need anything else, please don't hesitate to contact me.

Sincerely,

PERMITCO INC.

Lisa L. Smith
Consultant for:
Rosewood Resources, Inc.

Enc.

cc: Rosewood Resources, Inc. - Vernal, UT
Utah Div. of Oil, Gas & Mining - Salt Lake City, UT

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. UTU-73922																					
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME N/A																					
2. NAME OF OPERATOR Rosewood Resources, Inc.		7. UNIT AGREEMENT NAME Thimble Rock Unit																					
3. ADDRESS AND TELEPHONE NO. PERMITCO INC.		8. FARM OR LEASE NAME, WELL NO. Federal N																					
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)* At Surface 2024' FNL and 1008' FEL At proposed prod. zone SE NE Sec. 22, T11S - R24E		9. API WELL NO. #42-22																					
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* Approximately 25.4 miles south of Bonanza, Utah		10. FIELD AND POOL, OR WILDCAT Wildcat Undesignated																					
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 593'		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 22, T11S - R24E																					
16. NO. OF ACRES IN LEASE 1240 Acres		12. COUNTY OR PARISH Uintah																					
17. NO. OF ACRES ASSIGNED TO THIS WELL 40 Acres		13. STATE Utah																					
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. None		19. PROPOSED DEPTH 7,100'																					
20. ROTARY OR CABLE TOOLS Rotary		21. ELEVATIONS (Show whether DF, RT, GR, etc.) 5,984' ungraded																					
22. APPROX. DATE WORK WILL START* Upon Approval		23. PROPOSED CASING AND CEMENTING PROGRAM																					
<table border="1"><thead><tr><th>SIZE OF HOLE</th><th>GRADE, SIZE OF CASING</th><th>WEIGHT PER FOOT</th><th>SETTING DEPTH</th><th>QUANTITY OF CEMENT</th></tr></thead><tbody><tr><td>17-1/4"</td><td>13-3/8"</td><td>61#</td><td>300'</td><td>360 sx to circulate surface</td></tr><tr><td>12-1/4"</td><td>9-5/8"</td><td>36#</td><td>2,500'</td><td>690 sx top of cmt @ surface</td></tr><tr><td>7-7/8"</td><td>4-1/2"</td><td>11.6#</td><td>7,100'</td><td>900 sx - top of cmt @ 2400'</td></tr></tbody></table>				SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT	17-1/4"	13-3/8"	61#	300'	360 sx to circulate surface	12-1/4"	9-5/8"	36#	2,500'	690 sx top of cmt @ surface	7-7/8"	4-1/2"	11.6#	7,100'	900 sx - top of cmt @ 2400'
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Rosewood Resources, Inc. proposes to drill a well to 7,100' to test the Wasatch and Mesa Verda Formations. If productive, casing will be run and the well completed. If dry, the well will be plugged and abandoned as per BLM and State of Utah requirements.

See Onshore Order No. 1 attached.

CONFIDENTIAL - TIGHT HOLE

Please be advised that Rosewood Resources, Inc. is considered to be the Operator of the above mentioned well. Rosewood Resources, Inc. agrees to be responsible under the terms and conditions of the lease for the operations conducted upon the lease lands.

Bond coverage for this well is provided by Nationwide Bond No. MT-0627. The principal is Rosewood Resources, Inc. via surety consent as provided for in 43 CFR 3104.2.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED [Signature] TITLE Consultant For: Rosewood Resources, Inc. (Revised 12/2/98) Date 11/25/98

(This space for Federal or State office use)

PERMIT NO. 43-047-33264

APPROVAL DATE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

**Federal Approval of this
Action is Necessary**

APPROVED BY [Signature]

TITLE

**BRADLEY G. HILL
RECLAMATION SPECIALIST III**

DATE

12/15/98

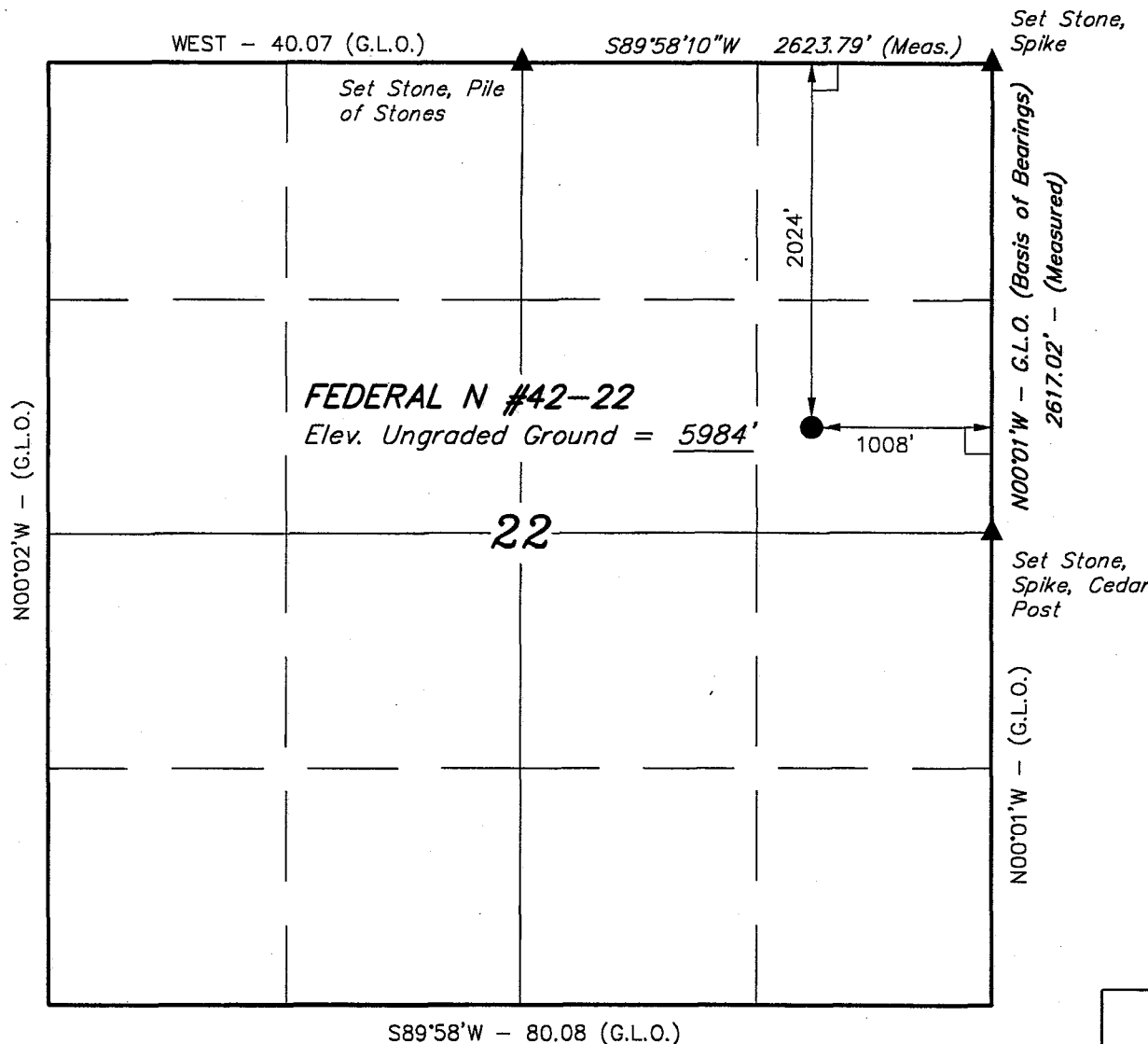
***See Instructions On Reverse Side**

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

T11S, R24E, S.L.B.&M.

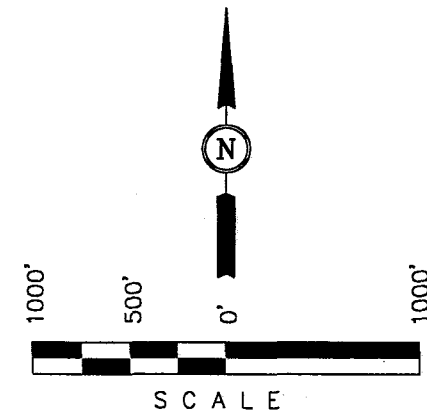
ROSEWOOD RESOURCES, INC.

Well location, FEDERAL N #42-22, located as shown in the SE 1/4 NE 1/4 of Section 22, T11S, R24E, S.L.B.&M. Uintah County, Utah.



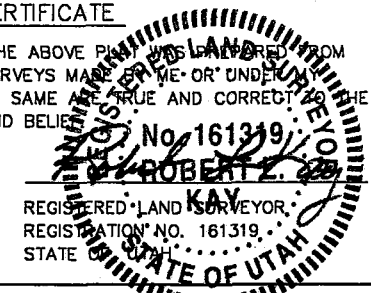
BASIS OF ELEVATION

BENCH MARK 95 EAM LOCATED IN THE SE 1/4 OF SECTION 23, T11S, R24E, S.L.B.&M. TAKEN FROM THE RAINBOW QUADRANGLE, UTAH, UTAH COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 6156 FEET.



CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



LEGEND:

- └─┘ = 90° SYMBOL
- = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.

LATITUDE = 39°50'57"
LONGITUDE = 109°12'38"

UINTAH ENGINEERING & LAND SURVEYING
85 SOUTH 200 EAST - VERNAL, UTAH 84078
(435) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 10-14-98	DATE DRAWN: 10-23-98
PARTY K.K. T.A. D.R.B.	REFERENCES G.L.O. PLAT	
WEATHER WARM	FILE ROSEWOOD RESOURCES, INC.	



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

December 15, 1998

Rosewood Resources, Inc.
265 East 100 South
Vernal, Utah 84078

Re: Federal N 42-22 Well, 2024' FNL, 1008' FEL, SE NE, Sec. 22, T. 11 S., R. 24 E.,
Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. 40-6-1 et seq., Utah Administrative Code R649-3-1 et seq., and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-33264.

Sincerely,

John R. Baza
Associate Director

lwp

Enclosures

cc: Uintah County Assessor
Bureau of Land Management, Vernal District Office

Operator: Rosewood Resources, Inc.
Well Name & Number: Federal N 42-22
API Number: 43-047-33264
Lease: Federal **Surface Owner:** Federal
Location: SE NE **Sec.** 22 **T.** 11 S. **R.** 24 E.

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 et seq., the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for Permit to Drill.

2. Notification Requirements

Notify the Division within 24 hours of spudding the well. Contact Carol Daniels at (801)538-5284.

Notify the Division prior to commencing operations to plug and abandon the well. Contact Dan Jarvis at (801) 538-5338 or Robert Krueger at (801) 538-5274.

3. Reporting Requirements

All required reports, forms and submittals shall be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. State approval of this well does not supersede the required federal approval which must be obtained prior to drilling.

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, Utah 84145-0155

IN REPLY REFER TO:
3160
(UT-922)

December 14, 1998

Memorandum

To: Assistant District Manager Minerals, Vernal District
From: Michael Coulthard, Petroleum Engineer
Subject: 1998 Plan of Development Thimble Rock Unit
Uintah County, Utah.

Pursuant to email between Lisha Cordova, Division of Oil, Gas and Mining, and Mickey Coulthard, Utah State Office, Bureau of Land Management. The following well(s) is/are planned for calendar year 1998 within the Thimble Rock Unit, Uintah County, Utah.

API #	WELL NAME	LOCATION
43-047-33264	FEDERAL N 42-22	2024-FNL 1008-FEL 22 11S 24E

This office has no objection to permitting the well(s) at this time.

/s/ Michael L. Coulthard

bcc: File - Thimble Rock Unit
Division of Oil Gas and Mining
Agr. Sec. Chron
Fluid Chron

MCoulthard:mc:12-14-98



**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK **DRILL** ☒ **DEEPEN** ☐

b. TYPE OF WELL
 OIL WELL ☐ GAS WELL ☒ OTHER ☐ SINGLE ZONE ☒ MULTIPLE ZONE ☐

2. NAME OF OPERATOR **Rosewood Resources, Inc.** Phone: **435/789-0414** Fax: **435/789-0497** **265 East 100 South Vernal, UT 84078**

3. ADDRESS AND TELEPHONE NO. **PERMITCO INC.** Phone: **303/857-9999** Fax: **303/857-0577** **14421 Weld County Road 10 Ft. Lupton, CO 80621**

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
 At Surface **2024' FNL and 1008' FEL**
 At proposed prod. zone **SE NE Sec. 22, T11S - R24E**

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
Approximately 25.4 miles south of Bonanza, Utah

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) **593'**

16. NO. OF ACRES IN LEASE **1240 Acres**

17. NO. OF ACRES ASSIGNED TO THIS WELL **40 Acres**

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. **None**

19. PROPOSED DEPTH **7,100'**

20. ROTARY OR CABLE TOOLS **Rotary**

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
5,984' ungraded

PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/4"	13-3/8"	61#	300'	360 sx to circulate surface
12-1/4"	9-5/8"	36#	2,500'	690 sx top of cmt @ surface
7-7/8"	4-1/2"	11.6#	7,100'	900 sx - top of cmt @ 2400'

Rosewood Resources, Inc. proposes to drill a well to 7,100' to test the Wasatch and Mesa Verda Formations. If productive, casing will be run and the well completed. If dry, the well will be plugged and abandoned as per BLM and State of Utah requirements.

See Onshore Order No. 1 attached.

CONFIDENTIAL - TIGHT HOLE

Please be advised that Rosewood Resources, Inc. is considered to be the Operator of the above mentioned well. Rosewood Resources, Inc. agrees to be responsible under the terms and conditions of the lease for the operations conducted upon the lease lands.

Bond coverage for this well is provided by Nationwide Bond No. MT-0627. The principal is Rosewood Resources, Inc. via surety consent as provided for in 43 CFR 3104.2.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED *Lee R. Smith* TITLE Consultant For: (Revised 12/2/98)
Rosewood Resources, Inc. Date 11/25/98

(This space for Federal or State office use)

PERMIT NO. _____

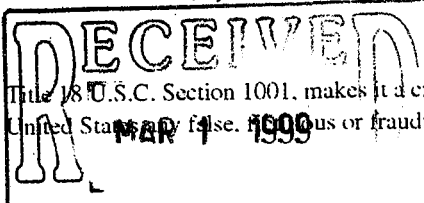
APPROVAL DATE _____

NOTICE OF APPROVAL

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY *Howard B. Channing* TITLE Assistant Field Manager DATE MAR 16 1999
Mineral Resources



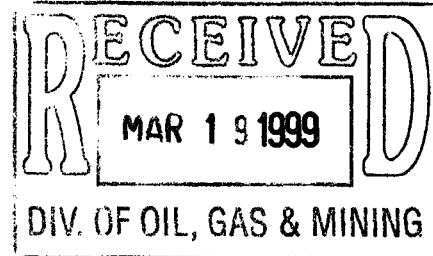
See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false or fraudulent statements or representations as to any matter within its jurisdiction.

DIV. OF OIL, GAS & GEOTHERMAL ENERGY

COPIES OF THIS DOCUMENT ARE AVAILABLE FOR REPRODUCTION

CONDITIONS OF APPROVAL
APPLICATION FOR PERMIT TO DRILL



Company/Operator: Rosewood Resources, Inc.

Well Name & Number: Federal N 42-22

API Number: 43-047-33264

Lease Number: U-73922

Location: SENE Sec. 22 T. 11 S. R. 24 E

NOTIFICATION REQUIREMENTS

- Location Construction - at least forty-eight (48) hours prior to construction of location and access roads.
- Location Completion - prior to moving on the drilling rig.
- Spud Notice - at least twenty-four (24) hours prior to spudding the well.
- Casing String and Cementing - at least twenty-four (24) hours prior to running casing and cementing all casing strings.
- BOP and Related Equipment Tests - at least twenty-four (24) hours prior to initiating pressure tests.
- First Production Notice - within five (5) business days after new well begins, or production resumes after well has been off production for more than ninety (90) days.

For more specific details on notification requirements, please check the Conditions of Approval for Notice to Drill and Surface Use Program.

CONDITIONS OF APPROVAL FOR NOTICE TO DRILL

Approval of this application does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Be aware fire restrictions may be in effect when location is being constructed and/or when well is being drilled. Contact the appropriate Surface Management Agency for information.

A. DRILLING PROGRAM

1. Estimated Depth at Which Oil, Gas, Water, or Other Mineral Bearing Zones are Expected to be Encountered

Report **ALL** water shows and water-bearing sands to Tim Ingwell of this office **prior to setting the next casing string or requesting plugging orders**. Faxed copies of State of Utah form OGC-8-X are acceptable. If noticeable water flows are detected, submit to this office any water analyses conducted.

2. Pressure Control Equipment

The BOP and related equipment shall meet the minimum requirements of Onshore Oil and Gas Order No. 2 for equipment and testing requirements, procedures, etc., for a 3M system and individual components shall be operable as designed. Chart recorders shall be used for all pressure tests.

Test charts, with individual test results identified, shall be maintained on location while drilling and shall be made available to a BLM representative upon request.

If an air compressor is on location and is being utilized to provide air for the drilling medium while drilling, the special drilling requirements in Onshore Oil and Gas Order No. 2, regarding air or gas drilling shall be adhered to. If a mist system is being utilized then the requirement for a deduster shall be waived.

3. Casing Program and Auxiliary Equipment

If conductor pipe is set it will be cemented to surface. If drive pipe is used it will be pulled prior to cementing surface casing.

As a minimum, the usable water shall be isolated and/or protected by having a cement top for the production casing at least 200 ft. above the base of the Moderately Saline Water zone identified at \pm 4999 ft.. If gilsonite is encountered while drilling, it shall be isolated and/or protected via the cementing program.

4. Mud Program and Circulating Medium

Hazardous substances specifically listed by the EPA as a hazardous waste or demonstrating a characteristic of a hazardous waste will not be used in drilling, testing, or completion operations.

5. Coring, Logging and Testing Program

Daily drilling and completion progress reports shall be submitted to this office on a weekly basis.

A cement bond log (CBL) will be run from the production casing shoe to \pm 4777 ft. and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.

6. Notifications of Operations

The Vernal District Office shall be notified, during regular work hours (7:45 a.m.-4:30 p.m., Monday through Friday except holidays), at least 24 hours **prior** to spudding the well.

Operator shall report production data to MMS pursuant to 30 CFR 216.5 using form MMS/3160.

The date on which production is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever first occurs; and, for gas wells as the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which gas is first measured through permanent metering facilities, whichever first occurs.

Gas produced from this well may not be vented or flared beyond an initial authorized test period of 30 days or 50 MMCF following its completion, whichever occurs first, without the prior written approval of the Authorized Officer. Should gas be vented or flared without approval beyond the authorized test period, the operator may be directed to shut-in the well until the gas can be captured or approval to continue venting or flaring as uneconomic is granted and the operator shall be required to compensate the lessor for that portion of the gas vented or flared without approval which is determined to have been avoidably lost.

7. Other Information

The oil and gas meters will be calibrated in place prior to any deliveries. Tests for meter accuracy will be conducted following initial installation and at least quarterly thereafter. The AO will be provided with a date and time for the initial meter calibration and all future meter proving schedules.

Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1(c), requires that "not later than the 5th business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed."

If you fail to comply with this requirement in the manner and time allowed, you shall be liable for a civil penalty of up to \$10,000 per violation for each day such violation continues, not to exceed a maximum of 20 days. See Section 109(c)(3) of the Federal Oil and Gas Royalty Management Act of 1982 and the implementing regulations at Title 43 CFR 3162.4-1(b)(5)(ii).

APD approval is valid for a period of one (1) year from the signature date. An extension period may be granted, if requested, prior to the expiration of the original approval period.

In the event after-hours approval or notification is necessary, please contact one of the following individuals:

Wayne Bankert (801) 789-4170
Petroleum Engineer

Ed Forsman (801) 789-7077
Petroleum Engineer

Jerry Kenczka (801) 789-1190
Petroleum Engineer

BLM FAX Machine (801) 781-4410

EPA'S LIST OF NONEXEMPT EXPLORATION AND PRODUCTION WASTES

While the following wastes are nonexempt, they are not necessarily hazardous.

- Unused fracturing fluids or acids
- Gas plant cooling tower cleaning wastes
- Painting wastes
- Oil and gas service company wastes, such as empty drums, drum rinsate, vacuum truck rinsate, sandblast media, painting wastes, spent solvents, spilled chemicals, and waste acids
- Vacuum truck and drum rinsate from trucks and drums, transporting or containing nonexempt waste
- Refinery wastes
- Liquid and solid wastes generated by crude oil and tank bottom reclaimers
- Used equipment lubrication oils
- Waste compressor oil, filters, and blowdown
- Used hydraulic fluids
- Waste solvents
- Waste in transportation pipeline-related pits
- Caustic or acid cleaners
- Boiler cleaning wastes
- Boiler refractory bricks
- Incinerator ash
- Laboratory wastes
- Sanitary wastes
- Pesticide wastes
- Radioactive tracer wastes
- Drums, insulation and miscellaneous solids.

CONDITIONS OF APPROVAL
FOR THE SURFACE USE PROGRAM OF THE
APPLICATION FOR PERMIT TO DRILL

- The access road shall be crowned at between 2 to 3%. When snow is removed from the road during the winter months, the snow shall be pushed outside of the burrow ditches and the turn outs will be kept clear so that when the snow melts the water will be channeled away from the road.
- The reserve pit topsoil will be piled separately from the location topsoil as shown on the cut sheet.
- Once the reserve pit is dry, it will be filled, recontoured, topsoil spread, and broadcast seeded with the same seed mix mentioned in the APD. After broadcasting the seed, the area shall be walked with a dozer to plant the seed.
- A water diversion dam shall be constructed in the major drainage south of the location which will be high enough to divert runoff water around the west end of the location. The statement made in Sec. 10 (e) of the APD explaining that a water diversion structure will be constructed to divert runoff water around the location to the east was made in error.
- A subsoil pile which will be used for the construction of tank dikes will be placed on the west end of the location instead of a topsoil pile. The topsoil will be windrowed on the north side of the location as shown on the cut sheet. **Topsoil is not to be used for dike construction.**
- The pipeline needs to be restaked to avoid archeological site 42UN2587. The pipeline flags will be moved at least 40 meters to the east of this site. Byron Tolman shall be contacted when the pipeline is resurveyed to show the surveyors which route should be used.**

October 4, 2000

Rosewood Resources, Inc.
P.O. Box 1668
Vernal, Ut 84078

Attention: Leisha Cordova

Subject: APD Extensions

CONFIDENTIAL

Rosewood Resources, Inc. respectfully requests APD extensions for the following wells:

Federal N #42-22 SE NE Sec. 22, T11S-R24E 43-047-33264
Hanging Rock I #9-11 NE SW Sec. 9, T12S-R23E 43-047-33219
Hanging Rock I #6-2 Lot 2 (NW NE) Sec. 6, T12S-R23E 43-047-33234
Hanging Rock I #5-16 SE SE Sec. 5, T12S-R23E 43-047-33218
Hanging Rock I #4-14 SE SW Sec.4, T12S-R23E 43-047-33217

If there are any questions please feel free to contact us at (435) 789-0414. ext. 10

Sincerely,

Jill Henrie

Jill Henrie
Administrative Assistant

COPY SENT TO OPERATOR
Date: 10-18-00
Initials: CHD

Approved by the
Utah Division of
Oil, Gas and Mining
Date: 10/14/00
By: *[Signature]*

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OCT 06 2000

DIVISION OF
OIL, GAS AND MINING

APDs Approved
by BLM, but on
hold for unspecified problems

NOTES from Margie Hermann - BLM Vernal
email to Don Staley dated 8/30/2000.
Margie's comments highlighted.

WELL FILE

Company Name	API	Well Name	Approval Date	Extension Date	Twp	Rng	Sec	County	Lease Type
COASTAL OIL & GAS CORP		<p>On the "Holding for now", these permits have been approved, but there is a problem, so they are just being held for now. We work hard to be confusing!</p> <p>Margie</p>						UINTAH	INDIAN
DOMINION EXPL & PROD INC								UINTAH	FEDERAL
EOG RESOURCES INC								UINTAH	FEDERAL
EOG RESOURCES INC								UINTAH	FEDERAL
FALCON CREEK RESOURCES								DUCHESNE	FEDERAL
INLAND PRODUCTION COMPANY	4301332123	UTE TRIBAL 8-30-4-2 NOT APPROVED YET	25-Nov-98		040S	020W	30	DUCHESNE	INDIAN
INLAND PRODUCTION COMPANY	4301331951	WELLS DRAW 9-30 EXTENDED TO 6/01	09-Jul-98		080S	160E	30	DUCHESNE	FEDERAL
INLAND PRODUCTION COMPANY	4301332114	WEST POINT 5-31-8-16 EXPIRES 12/11/00	09-Sep-98		080S	160E	31	DUCHESNE	FEDERAL
INLAND PRODUCTION COMPANY	4301332115	WEST POINT 6-31-8-16 EXPIRES 12/14/00	09-Sep-98		080S	160E	31	DUCHESNE	FEDERAL
INLAND PRODUCTION COMPANY	4301332116	WEST POINT 7-31-8-16 EXPIRES 12/14/00	09-Sep-98		080S	160E	31	DUCHESNE	FEDERAL
INLAND PRODUCTION COMPANY	4301332119	WEST POINT 9-31-8-16 EXPIRES 11/10/00	09-Sep-98		080S	160E	31	DUCHESNE	FEDERAL
INLAND PRODUCTION COMPANY	4301332120	WEST POINT 11-31-8-16 EXPIRES 11/10/00	09-Sep-98		080S	160E	31	DUCHESNE	FEDERAL
INLAND PRODUCTION COMPANY	4301332032	MONUMENT BUTTE 7N-35-8-16 NOT APPROVED YET	09-Jul-98		080S	160E	35	DUCHESNE	FEDERAL
INLAND PRODUCTION COMPANY	4301332106	SOUTH WELLS DRAW 13-3-9-16 EXPIRES 10/8/00	10-Aug-98		090S	160E	03	DUCHESNE	FEDERAL
LONE MTN PRODUCTION CO	4304733184	A FED H 41-28 EXPIRES 12/3/00	09-Sep-98		100S	240E	28	UINTAH	FEDERAL
LONE MTN PRODUCTION CO	4304733165	FED H 14-30 PRODUCING GAS WELL	19-Aug-98		100S	240E	30	UINTAH	FEDERAL
LONE MTN PRODUCTION CO	4304733183	FED T 31-11 HOLDING FOR NOW	14-Sep-98		120S	240E	11	UINTAH	FEDERAL
LONE MTN PRODUCTION CO	4304733323	FED V 12-21 DRILLING 4/27/99	24-Mar-99		130S	210E	21	UINTAH	FEDERAL
PACIFIC TRANS SUPPLY	4301330435	PTS 32-29 FEDERAL EXPIRED 5/00	20-May-98		080S	170E	29	DUCHESNE	FEDERAL
PETROGLYPH OPERATING CO	4301331930	UTE TRIBAL 30-13 NOT APPROVED YET	01-Jun-98		050S	030W	30	DUCHESNE	INDIAN
RETAMCO OPERATING INC	4304733311	RIVER BEND 13-27 EXPIRES 3/7/01	18-Mar-99		090S	190E	27	UINTAH	FEDERAL
RETAMCO OPERATING INC	4304733312	ROCK HOUSE 11-31 APPROVED 8/25/00	18-Mar-99		100S	230E	31	UINTAH	FEDERAL
RETAMCO OPERATING INC	4304733369	ATCHEE RIDGE 11-27-13-25 EXPIRES 8/31/00	20-Aug-99		130S	250E	27	UINTAH	FEDERAL
ROSEWOOD RESOURCES INC	4304733263	FEDERAL H 34-30 EXPIRES 4/22/01	18-Feb-99		100S	240E	30	UINTAH	FEDERAL
ROSEWOOD RESOURCES INC	4304733242	FEDERAL K 23-22 EXPIRES 4/22/01	10-Dec-98		110S	210E	22	UINTAH	FEDERAL
ROSEWOOD RESOURCES INC	4304733264	FEDERAL N 42-22 HOLDING FOR NOW	15-Dec-98		110S	240E	22	UINTAH	FEDERAL
ROSEWOOD RESOURCES INC	4304733217	HANGING ROCK I 4-14 HOLDING FOR NOW	20-Oct-98		120S	230E	04	UINTAH	FEDERAL
ROSEWOOD RESOURCES INC	4304733218	HANGING ROCK I 5-16 HOLDING FOR NOW	19-Oct-98		120S	230E	05	UINTAH	FEDERAL
ROSEWOOD RESOURCES INC	4304733234	HANGING ROCK I 6-2 HOLDING FOR NOW	10-Nov-98		120S	230E	06	UINTAH	FEDERAL
ROSEWOOD RESOURCES INC	4304733219	HANGING ROCK I 9-11 HOLDING FOR NOW	20-Oct-98		120S	230E	09	UINTAH	FEDERAL
SHENANDOAH ENERGY INC	4304733269	WVFU 18 WG NOT APPROVED YET	06-Jan-99		080S	210E	14	UINTAH	INDIAN

Rosewood Resources, Inc.
P.O. Box 1668
Vernal, UT 84078
(435) 789-0414

Rosewood Resources, Inc.

October 13, 2000

Leisha:

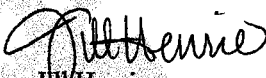
Rosewood Resources, Inc. respectfully requests an exception to the General State Spacing Rule. On the two following locations:

Federal "N" 42-22 SE NE Sec. 22, T11S - R24E 43-047-33264

Hanging Rock "T" 6-2 Lot 2 (NW NE) Sec. 6, T12S - R23E 43-047-33234

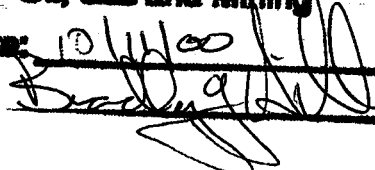
There are no other mineral owners within 460 feet of proposed locations.

Sincerely,


Jill Henrie
Administrative Assistant

CONFIDENTIAL

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Oil, Gas and Mining
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DIVISION OF
OIL, GAS AND MINING



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

Michael O. Leavitt
Governor

Lowell P. Braxton
Division Director

November 14, 2001

Jill Henrie
Rosewood Resources, Inc.
P. O. Box 1668
Vernal, Utah 84078

Re: APD Rescinded - Hanging Rock I 4-14, Sec. 4, T12S, R23E, API 43-047-33217
APD Rescinded - Hanging Rock I 5-16, Sec. 5, T12S, R23E, API 43-047-33218
APD Rescinded - Hanging Rock I 6-2, Sec. 6, T12S, R23E, API 43-047-33234
APD Rescinded - Hanging Rock I 9-11, Sec. 9, T12S, R23E, API 43-047-33219
APD Rescinded - Federal N 42-22, Sec. 22, T11S, R24E, API 43-047-33264
Uintah County, Utah

Dear Ms. Henrie:

The Applications for Permit to Drill (APD's) for the subject wells were approved by the Division of Oil, Gas and Mining (the Division) in October, November and December, 1998. The Division approved a one-year APD extension for all of the wells on October 11, 2000, extending the APD's to October 11, 2001. No drilling activity at these locations have been reported to the Division. Due to the excessive time delay in commencing drilling operations, approval to drill the wells is hereby rescinded, effective October 11, 2001.

New APD's must be filed with this office for approval prior to the commencement of any future work on the subject locations.

If any previously unreported operations have been performed on any of these well locations, it is imperative that you notify the Division immediately.

Sincerely,

Lisha Cordova
Eng. Technician

cc: Well File(s)
Bureau of Land Management, Vernal